

State of Washington

***Roadmap for Financial and
Administrative Policies,
Processes, and Systems***

STATE OF WASHINGTON



Solutions Framework

April 2005

DYER MANAGEMENT GROUP, INC.





**Washington State Office of
Financial Management**

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Administrative Policies, Processes,
and Systems

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Executive Summary



The *Roadmap* is about results. It is about streamlining the Washington state “back office” business functions and providing timely, accurate information to manage state government. For the first time, the state will conduct a collaborative, holistic, and strategic evaluation of our financial and administrative policies, processes, and systems to achieve an enterprise-focused business transformation. This document presents the *Roadmap* solutions framework, an outline of the plan to achieve that transformation.

A. Business Value

Washington State has a tradition of financial management innovation and excellence. The *Roadmap* goes the next step toward accountability. It focuses on managing Washington as an enterprise, achieving economies of scale, and developing a shared performance vision among agencies. It will implement policy, process, and systems improvements, and gauge their impacts through measurable performance results. Other states define success as simply implementing an improvement; for Washington, that is just the beginning. The *Roadmap* will measure the impact of its improvements, learning from experience, refining, and accomplishing even better outcomes. Its performance-based approach is consistent with the principles of the Priorities of Government (POG) budget approach and Governor Gregoire’s Government Management Accountability and Performance (GMAP) program. Some of the major business value outcomes expected from the *Roadmap* program are listed below:

- Better information, better results:
 - Enterprise-wide information supporting priorities.
 - Increased accountability to citizens.
 - Understanding the costs of services.
- More economical government:
 - Faster, better, cheaper business processes.
 - Reduced number and costs of information systems.
 - Lower costs of goods and services.
- Better business relationships:
 - Improved vendor and customer service.
 - Increased confidence in government.
- Optimized return on investments:
 - Proactive, strategic asset management.
 - More accurate cash flow projections

B. Applying Lessons Learned

The strategic approach proposed for the *Roadmap* program incorporates lessons learned from industry experts, other states with similar enterprise initiatives, and the Human Resource Management System (HRMS) project. Information about other states' improvement programs was obtained through surveys and interviews with industry experts and state officials and reviews of numerous publications.

Following is a summary of lessons learned in four key areas and how these lessons were incorporated into the *Roadmap* solutions framework approach:

- **Establish strong governance** – Governance is the most important key to success. The *Roadmap* will seek to establish a top-level commitment to culture change with an enterprise governance structure involving line agencies.
- **Focus on the business value** – The *Roadmap* program is about transforming business policies, processes, and information systems through a collaborative, holistic, and strategic approach to achieve measurable, enterprise-focused business benefits.
- **Get real** – The solutions framework gears the *Roadmap* to agencies' capacities for change by spreading implementation incrementally over at least seven years. The *Roadmap* team is committed to seeking adequate resources and funding through the governance structure.
- **Start at the beginning** – The solutions framework emulates the most successful states' approaches; it starts by building a solid understanding of the state's enterprise information requirements and "back office" business. The first new initiative is core financial management, for efficient collection of the right data.

C. Business Analysis

Business analysis was done with enterprise architects and agency subject matter experts to identify the scope of the *Roadmap* program. Financial and administrative processes included in the *Roadmap* should be common statewide rather than unique to each agency in order to achieve these *Roadmap* program goals:

- Align with performance management directions, provide valuable enterprise management information, and assure accountability.
- Facilitate widespread adoption of enterprise best practice business policies and practices, and support more efficient delivery of state services.
- Leverage the state's investments in systems and data to reduce costs and achieve economies of scale.

The scope of the *Roadmap* will be presented to the *Roadmap* Executive Sponsors for designation as Tier One functionality: common across the enterprise unless there is a good business case for deviation. Tier One designation will provide incentive to collaboratively pursue enterprise solutions that meet both statewide and agency requirements.

The *Roadmap* scope does not include human resource and payroll functions, because these are being addressed through implementation of the Personnel System Reform Act of 2002.

D. Business Initiatives

The *Roadmap* is a business improvement program that can, with sponsorship and funding, be implemented incrementally over the next seven fiscal years. Its initiatives will provide business value at each increment and beyond. The *Roadmap* will avoid impeding the HRMS project by doing primarily planning and analysis work until that project is complete.

The *Roadmap* Business Initiatives chart ([Exhibit E-1](#)) was developed to provide a visual representation of the solutions framework and facilitate communicating the long-range vision for the *Roadmap*. This chart shows the business drivers directly impacting the *Roadmap* priorities, planning, and execution as blue arrows at the left. It also indicates how the nine *Roadmap* business initiatives build on one another to meet the overall objectives while providing business value along the way. A timeline depicts approximately when projects will be conducted within each initiative. Finally, the chart summarizes the business value each initiative will provide.

The primary business drivers impacting the *Roadmap* are Priorities of Government, the GMAP program, the Personnel System Reform Act of 2002, the strategic sourcing initiative, and the 15 overarching financial and administrative business problems and opportunities shared by all agencies. The nine business initiatives, aligned within the five levels of the *Roadmap* triangle, are listed below.

1. FOUNDATION LEVEL

Base (purple) – foundation activities such as planning, requirements definition, business and data modeling, to understand the state’s financial and administrative business processes and discover enterprise best practices.

a. **FOUNDATION INITIATIVES**

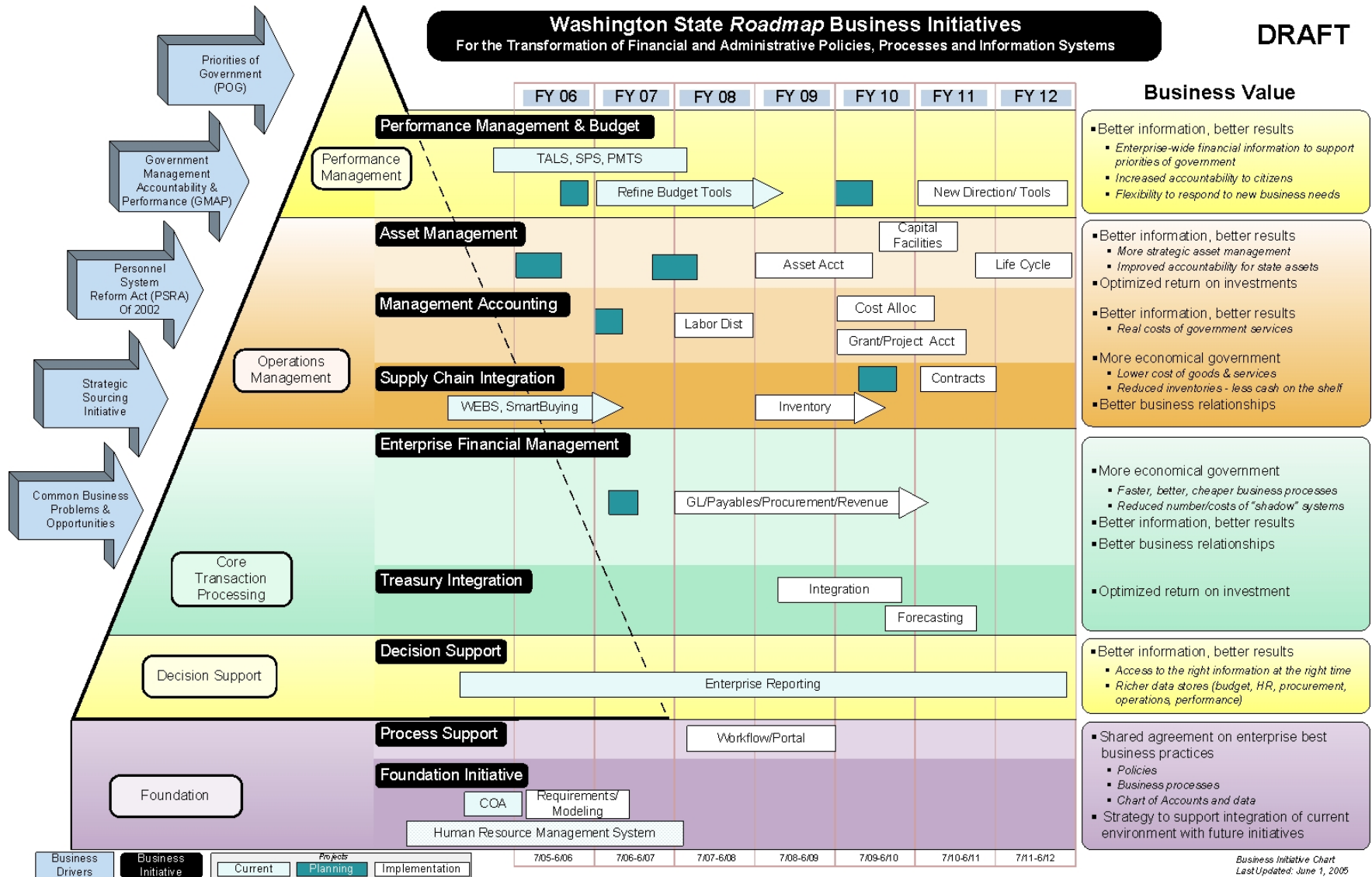
Includes those projects that can be completed in parallel with the HRMS implementation to establish the structure and standards for the *Roadmap* business initiative implementation. These projects will define the desired governance, business processes, requirements, and integration architecture, as well as the performance measurement approach. They may also include “quick-win” projects and a pilot project to demonstrate early success.

b. **BUSINESS PROCESS SUPPORT**

This initiative includes technology projects that support multiple business initiatives. The key projects identified are work flow and expansion of enterprise portals.

Exhibit E-1: Business Initiatives Overview

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2. DECISION SUPPORT LEVEL

Second level (lower yellow) – decision support tools and ever-expanding data stores, for easy and timely access to enterprise and agency data.

a. **DECISION SUPPORT**

In recognition of the critical and strategic value of Enterprise Reporting, the *Roadmap* program will continually expand and improve decision support capabilities, put better reporting tools in the hands of managers, and deliver expanded and richer data stores as new information sources become available through implementation of the *Roadmap* projects.

3. CORE TRANSACTION PROCESSING LEVEL

Third level (green) – the core transaction-based business functions aimed at improved data collection and faster, cheaper processes, freeing up staff time for higher value work. These core functions are the “engine” for the two levels above.

a. **ENTERPRISE FINANCIAL MANAGEMENT**

Includes essential core financial policies, processes, and tools to support financial statement preparation using a new chart of accounts and statewide financial processing for general ledger, procurement and payables accounting, revenue accounting, and related functions. The core transaction-based business functions are the foundation for improved data collection and faster, cheaper processes.

b. **TREASURY INTEGRATION**

Recognizes the close relationship of Treasury cash management to the general ledger, revenue accounting, and payable processes. The State Treasurer’s Office has recently developed a new Treasury Management System (TM\$) that must be integrated with enterprise financial management processes.

4. OPERATIONS MANAGEMENT LEVEL

Fourth level (orange) – leverages improvements made in the first three levels to implement data-driven operations management practices aimed at improved decision making.

a. **SUPPLY CHAIN INTEGRATION**

Addresses the business processes associated with smart and efficient management of goods and services. The initiative includes improvements in policies and processes as well as tools to support the processes. Some aspects of

this initiative, including the Washington Electronic Business Solution (WEBS) and strategic sourcing, have already been implemented by the Washington State Department of General Administration (GA) or are underway.

b. *MANAGEMENT ACCOUNTING*

Provides capabilities to allocate and measure the cost of service at different levels. It includes cost accounting, labor distribution, project accounting, and grant accounting. Management accounting will take advantage of the improvements in the Decision Support level to implement data-driven operational management practices aimed at improved decision making for resource allocation, better returns on investments, and enhanced accountability over assets.

c. *ASSET MANAGEMENT*

Supports the asset management processes in two ways. The first – capital asset budgeting, project tracking, and management – will provide visibility to capital project budgets and results (scope, schedule, and budget). It will implement recommendations from the Joint Legislative Audit and Review Committee's February 2005 *Performance Audit of Capital Budget Processes*. The second – capital asset management – addresses the capital asset accounting and management of specific types of assets.

5. PERFORMANCE MANAGEMENT AND BUDGETING

Top level (top yellow) – enables performance-driven planning and accountability for results.

a. *PERFORMANCE MANAGEMENT AND BUDGETING*

Encompasses both statewide and agency strategic planning, budget preparation, and monitoring cycles, as well as the preparation and monitoring of performance measures. In recognition of the critical and strategic value of performance management, OFM will continually expand and enhance the performance and budgeting tools available to state managers and executives. A major focus of this initiative is enabling performance-driven planning and budgeting through financial modeling, priority-based budget development, and support for strategic initiatives such as GMAP.

I. Strategic Approach and Organization



The *Roadmap* is about results. It is about streamlining the Washington state “back office” business functions and providing timely, accurate information to manage state government. For the first time, the state will conduct a collaborative, holistic, strategic evaluation of our financial and administrative policies, processes, and systems to achieve an enterprise-focused transformation. This document presents the *Roadmap* solutions framework, an outline of the plan to achieve that transformation.

A. Strategic Approach

The *Roadmap* is a collaborative, multi-year program for the incremental transformation of Washington State financial and administrative policies, processes, and information systems to solve today’s common business problems with enterprise best practices and tools.

The strategic approach for developing the *Roadmap* was based on our research that shows these types of large-scale, multi-year back-office improvement projects are very difficult and complex. Many things have to go right for them to be successful. The *Roadmap* solutions framework incorporates the lessons learned from other states, industry experts, and the HRMS project. These lessons learned and how they affect the *Roadmap* strategic approach are presented in Exhibit I-1.

Exhibit I-1: *Roadmap* Strategic Approach

Research Findings	<i>Roadmap</i> Strategic Approach
Establish Strong Governance... <ul style="list-style-type: none"> Establish top-level commitment to culture change with an enterprise governance structure. Involve line agencies. 	The <i>Roadmap</i>... <ul style="list-style-type: none"> Is sponsored collectively by the directors of the four agencies with primary responsibility for the state’s financial and administrative business policies and processes: DIS, DOP, GA, and OFM. Ensures active representation from 16 agencies through an Agency Advisory Committee.
Focus on the Business Value... <ul style="list-style-type: none"> Focus on business transformation, not technology implementation. Focus on business benefits. 	The <i>Roadmap</i>... <ul style="list-style-type: none"> Is about transforming policies, processes and people as well as information systems consistent with a shared vision for the enterprise best practices needed to solve common business problems. Establishes an approach to consistently measure achievement of business benefits.

Research Findings	Roadmap Strategic Approach
<p>Get Real...</p> <ul style="list-style-type: none"> • Implement incrementally. • Manage to agencies' capacities for change. • Provide realistic schedule, resources, and funding. 	<p>The Roadmap...</p> <ul style="list-style-type: none"> • Spreads initiatives over seven years with benefits delivered along the way. Meanwhile, delivers continuous improvements to critical budget and reporting functionality. • Includes organizational readiness assessments and change management program. • Seeks funding commitments through the governance structure.
<p>Start at the Beginning...</p> <ul style="list-style-type: none"> • Understand your business: what you do and why. • Do the core financials first, to collect the right data efficiently. • Use ERP software for core transaction processing. • Develop a good integration strategy because one system will probably not do it all. 	<p>The Roadmap...</p> <ul style="list-style-type: none"> • The Foundation Initiatives call for building a solid understanding of the state's enterprise information requirements and "back office" business through the chart of accounts project business process modeling. • Will focus on core financials as the first new initiative, while continuing to deliver improvements to strategic budget and reporting functionality. • Will select the core transaction processing solution that best fits Washington's enterprise financial management requirements. • Will develop an Architecture Model to support smooth integration of the current environment with future initiatives over the seven-year <i>Roadmap</i> implementation and into the future.

B. Organization

The Solutions Framework document contains the following sections:

- **Section I. Strategic Approach and Organization.** This section provides an overview of the strategic approach that guided formulation of the solutions framework and background on this report.
- **Section II. Business Analysis.** This section defines the business scope of the *Roadmap* and the process used to plan the business initiatives that would become the *Roadmap* solutions framework.
- **Section III. Solutions Framework Overview.** This section provides an overview of the solutions framework, as illustrated in the *Roadmap* Business Initiatives chart.
- **Section IV. Business Initiatives.** This section presents the *Roadmap* business initiatives – the groups of policy, process, and technology projects that will, when executed incrementally over a seven-year period, produce measurable outcomes for financial and administrative business processes.

- **Section V. Costs, Risks, and Timing.** This section presents a range of costs from our research for implementing similar projects, the risks that could be encountered in the first initiatives, and a high-level schedule for implementing the *Roadmap* projects, including the criteria used to sequence the projects.
- **Section VI. Enterprise Improvement Nationally.** This section presents the lessons learned concerning enterprise solutions across the county. It is based on information from the Gartner Group and the Robert Francis Group. It also draws on a project team survey of other states and compares some of the technology solutions to meet enterprise needs.
- **[Appendix A: Common Business Problems and Opportunities Reference.](#)** This table maps requirements from the Common Business Problems and Opportunity document to the *Roadmap* business initiatives that address them.
- **[Appendix B: Straw Man Business Initiatives.](#)** This chart is a working paper created during the Business Initiative Planning work sessions. It depicts the business initiatives and projects as originally proposed, before they were aligned with the levels of the *Roadmap* triangle and sequenced over a timeline.
- **[Appendix C: Issues Requirements Reference.](#)** This table maps requirements from the Listing of Policy, Process, System/Data and Organizational Issues for the *Roadmap* to the *Roadmap* business initiatives that address them.
- **[Appendix D: Project Risks.](#)** This table identifies the risks likely to be encountered for each of the nine *Roadmap* business initiatives.
- **[Appendix E: Comparison of Enterprise Technology Alternatives.](#)** This table compares the pros and cons of ERP, best-of-breed, and legacy-extension technology alternatives.

II. Business Analysis



The objectives of the business analysis were to define the *Roadmap* scope and plan the business initiatives that would become the *Roadmap* solutions framework.

The *Roadmap* scope was defined by identifying the back-office business processes that are common or enterprise-wide in nature. To do this, the project team worked with enterprise architects and facilitated focus groups with agency financial and administrative subject matter experts. The following activities occurred:

- Definition of the business scope of the Roadmap through functional decomposition of the state's core financial and administrative processes.
- Identification of the commonality of these processes.
- Identification of process and data clusters.
- Alignment of the process clusters with known policy, process, organization, and data issues.

A. Business Process Functional Decomposition

To define the business scope of the *Roadmap*, the focus groups identified the core state financial and administrative processes as well as their supporting functions. The focus groups identified 14 core financial and administrative processes:

- Strategic planning and budgeting.
- Decision support.
- Risk management.
- Project management.
- Cost accounting.
- Grant management.
- Asset management.
- Vendor management.
- Supply chain management.
- Payables accounting.
- General ledger and financial reporting.
- Customer relationship management.
- Revenue accounting .
- Treasury management.

Exhibit II-1 on the following page illustrates how the six original end-to-end *Roadmap* business cycles defined in Milestone 1 align with these 14 financial and administrative processes.

The second step was to identify supporting functions and activities for each process. The *Roadmap* Business Process Model (see Exhibit II-2 illustrates the process decomposition (processes, functions, and activities) for the state financial and administrative processes. In reviewing the business process model, please consider these points:

- Those functions or activities presented in the business process model that are colored with red dots were added as a result of internal review but have not been fully defined or reviewed with the original focus groups. This is a work in progress.
- Those functions or activities identified as “out of scope?” are likely outside the scope of what the *Roadmap* could include but need more analysis to determine if they have components that should be included in the scope of the *Roadmap*. This will be done during the Foundation Initiatives.

See the “Definitions of Process Functions for Enterprise Modeling” document on the *Roadmap* Web site at <http://www.ofm.wa.gov/Roadmap/deliverables/functiondef.doc> for more details.

B. Functional Commonality

The scope of the *Roadmap* consists of financial and administrative processes, data, and/or technologies that should be common statewide rather than unique to each agency. This commonality is necessary in order to:

- Align with performance management directions, provide valuable enterprise management information, and assure accountability.
- Facilitate widespread adoption of enterprise best practice business policies and practices, and support more efficient delivery of state services.
- Leverage the state’s investments in systems and data to reduce costs and achieve economies of scale.

The business processes within the scope of the *Roadmap* were designated as Tier One functionality by the *Roadmap* Executive Sponsors: common across the enterprise unless there is a good business case for deviation. Tier One designation provides incentive to collaboratively pursue enterprise solutions that meet both statewide and agency requirements.

The ISB Enterprise Architecture Committee can designate the *Roadmap*’s supporting data and technologies as Tier One based upon certain principles. Current information on these enterprise architecture principles can be found at the ISB Web site at <http://isb.wa.gov/architecture/principles.htm>.

Exhibit II-1: Roadmap Business Cycle to Process Cross-reference

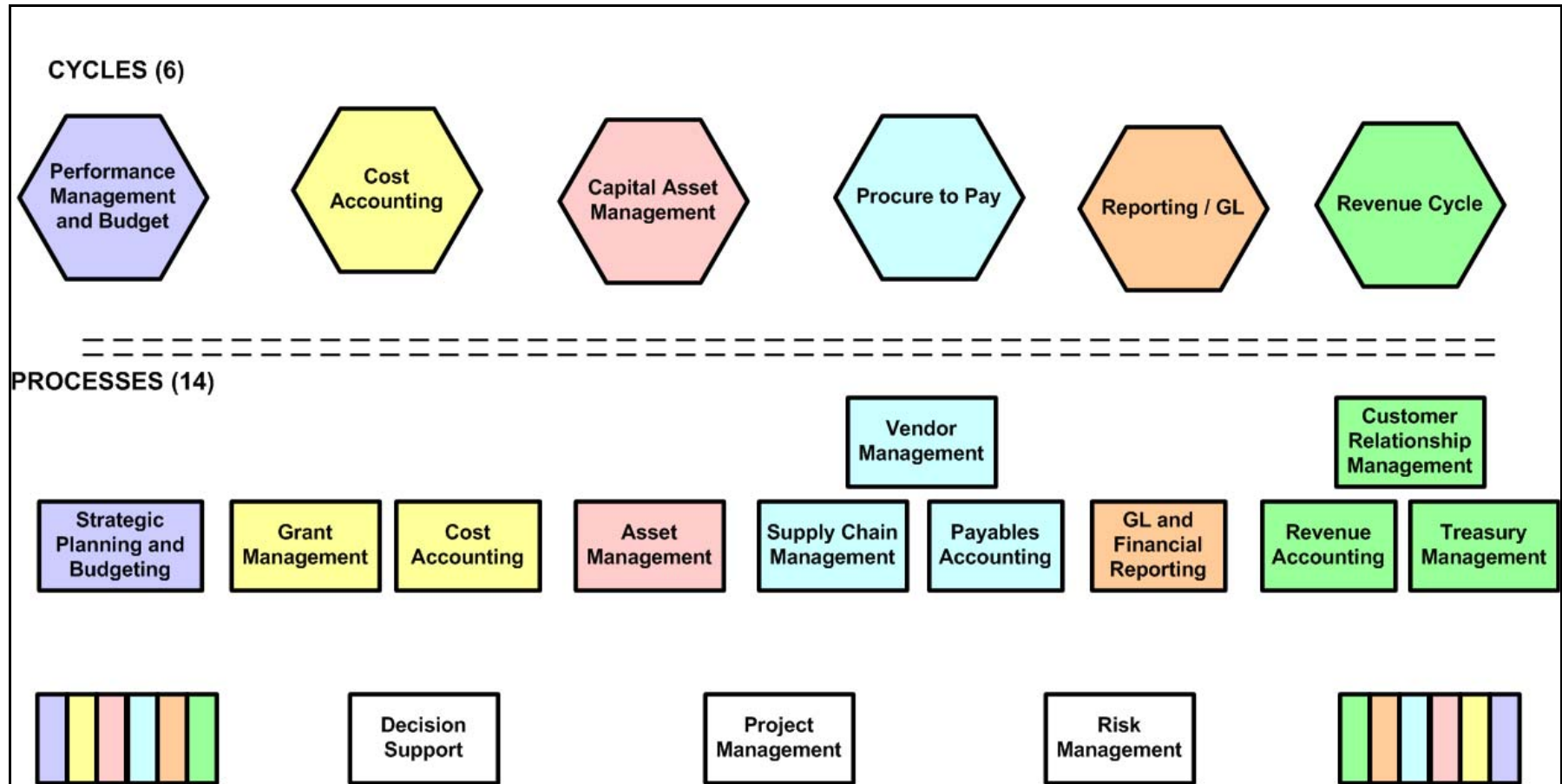
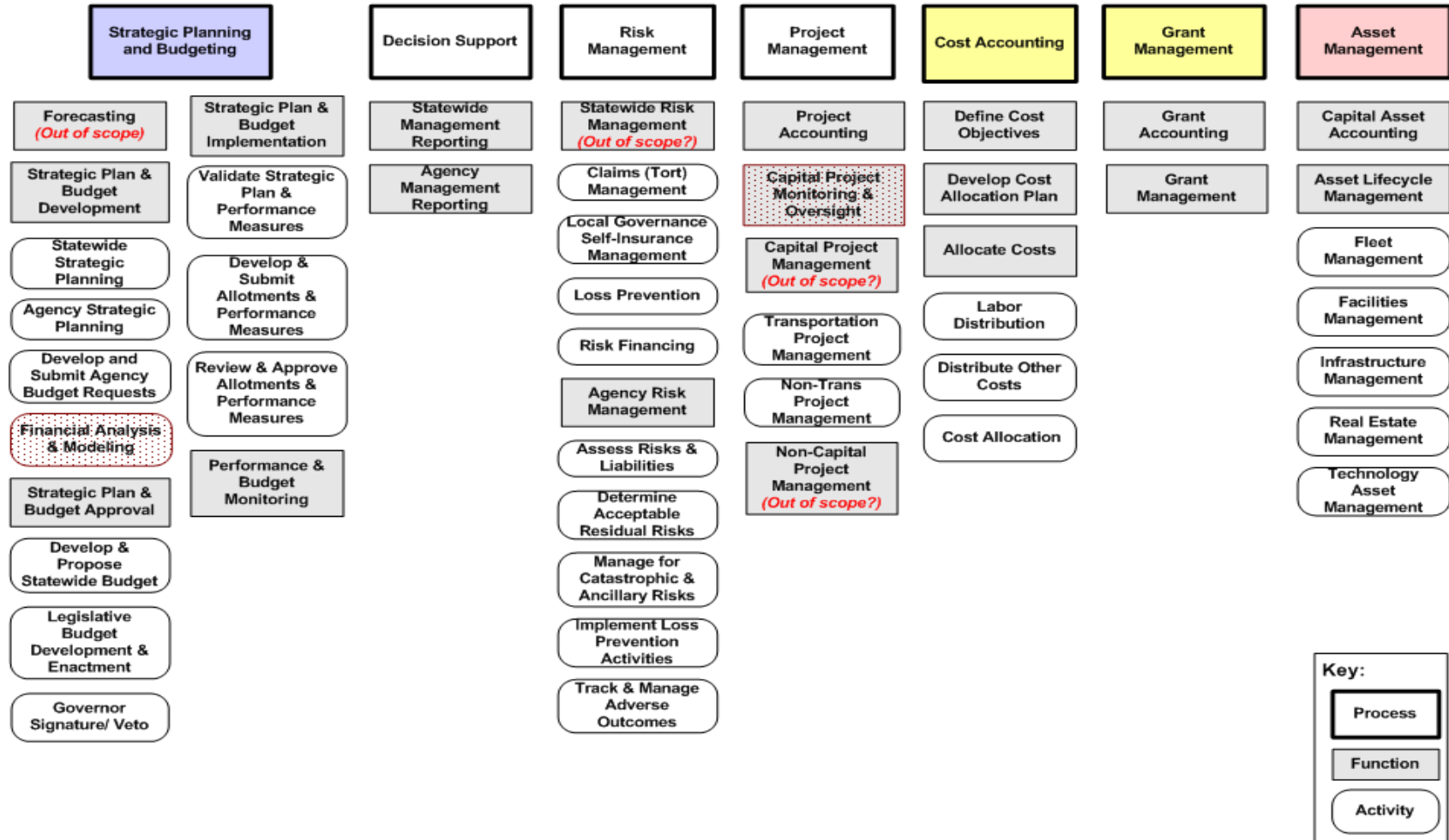


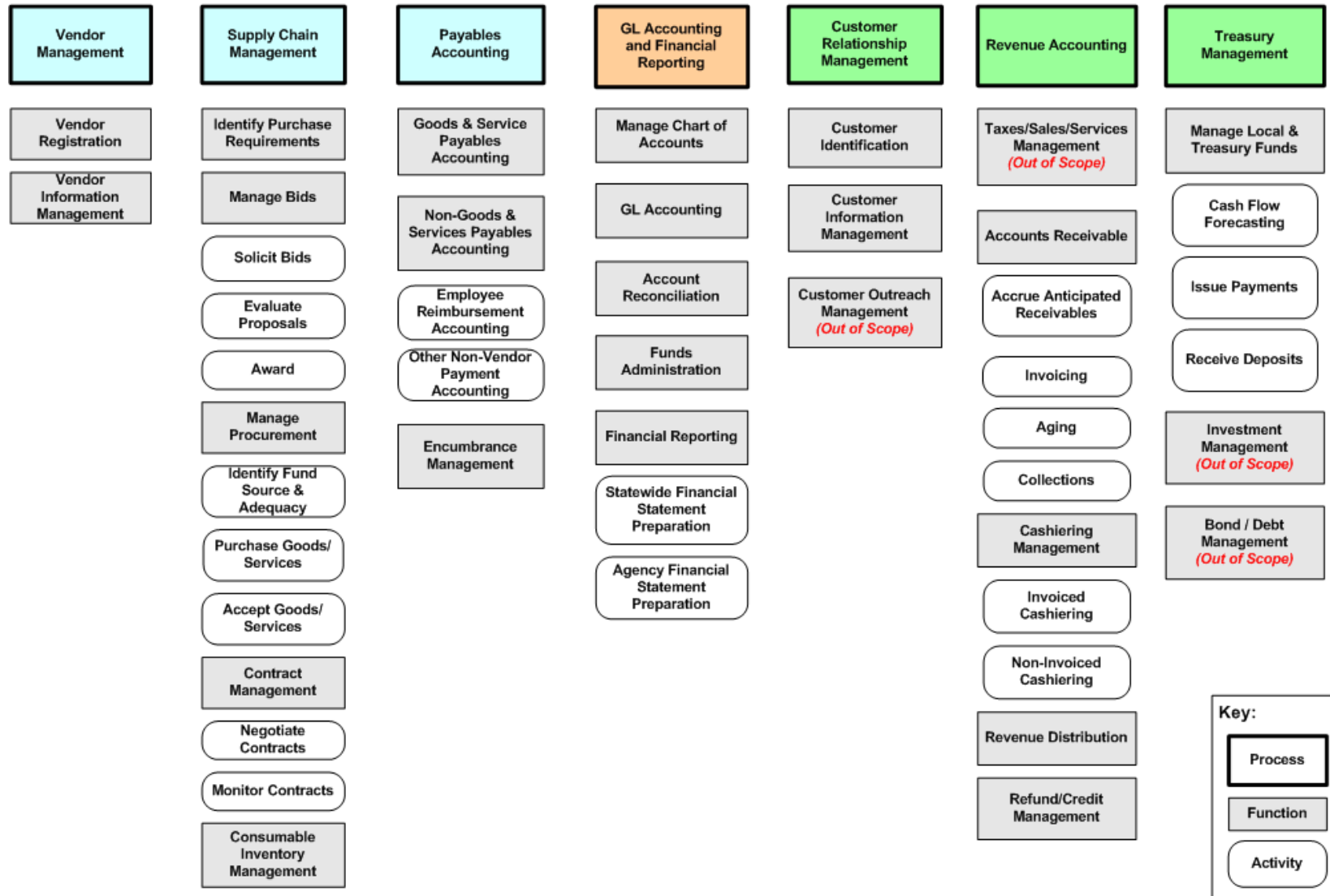
Exhibit II-2: Roadmap Business Process Model

Roadmap Business Process Model - 03/30/05

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Roadmap Business Process Model - 03/30/05



C. Issues

While examining the state's core financial and administrative business processes, the focus groups documented known issues related to the six *Roadmap* business cycles. The issues were categorized as key decisions, critical success factors, constraints, or requirements.

The project team combined this information with the opportunities and issues identified in the Common Business Problem and Opportunities document from Milestone 1. The project team then mapped the resulting repository of issues to potential *Roadmap* business initiatives and projects.

The issues database will be updated throughout the *Roadmap* program as issues are resolved and new issues emerge. A current and complete listing of policy, process, system, and organizational issues for the *Roadmap* is available on the *Roadmap* Web site at <http://www.ofm.wa.gov/Roadmap/deliverables/issues.pdf>.

D. Business Initiative Planning

A series of work sessions were held to identify potential business initiatives and projects that would become the *Roadmap* solutions framework. The projects were selected and sequenced through an iterative process during a series of meetings with the *Roadmap* team and agency advisors. In forming the initiatives, the team relied primarily on lessons learned from other states, the logical groupings of business processes in the *Roadmap* Business Process Model (see [Exhibit II-2](#)), and the collective experience of the planning team. Where appropriate, current initiatives and systems were incorporated into the enterprise solution.

The team organized the business processes into a set of “straw man” business initiatives as depicted in the chart in [Appendix B](#). Note that this initial chart is a working paper and that placement of projects on the chart does not indicate a proposed timeline.

Once the initiatives and projects were identified, there was significant discussion and analysis on dependencies, the organizational ability to support change, and urgent needs. Key considerations in sequencing the projects were:

- **Current initiatives and projects** – Current initiatives and projects impact the projects going forward. Some current projects such as WEBS provide a foundation that may be used going forward. Other projects fill critical and immediate needs. These projects extend the capabilities of the current systems and give more time before that functionality needs to be addressed by the *Roadmap*.
- **Lessons learned** – The lessons learned from *Roadmap* research provided guidelines for project sequencing. For example, these lessons suggested conducting the foundation projects first and then implementing the core financial transaction processing functionality as a next step.

- **Dependencies** – The project schedule considers the dependencies between processes, that is, the need to focus on data collection first and then address specific additional functionality.
- **Incremental approach** – The schedule recognizes the need to do an incremental implementation of functionality to lower risk.
- **Do no harm to HRMS** – The schedule recognizes the priority and resources requirements of the HRMS project. The initial projects were selected because they should have minimal impact on the resources needed to complete HRMS.

The business initiative planning team sequenced the *Roadmap* business initiatives and projects over a seven-fiscal-year time frame. As a final step, the *Roadmap* Business Initiatives chart (see [Exhibit III-1](#)) was developed to provide a visual representation of the solutions framework and facilitate communicating the long-range vision for the *Roadmap*.

III. Solutions Framework Overview



The *Roadmap* solutions framework consists of a series of business initiatives representing policy, process, and technology projects. When executed incrementally over a seven-year period, these initiatives will produce measurable outcomes for the state's financial and administrative business processes. The business initiatives were developed from analysis done by the team on business process decomposition, common business problems and opportunities, the *Roadmap* business case, surveys of other states, and consultation on contemporary practices for implementing significant business process improvements in large organizations.

A. Business Initiatives Overview

The Washington State *Roadmap* Business Initiatives chart presented as Exhibit III-1 illustrates the nine *Roadmap* business initiatives aligned within the five levels of the *Roadmap* triangle. The key elements of the chart are defined below.

1. Business Drivers

The Roadmap team identified a number of business drivers that directly impact the Roadmap planning and execution. The progress, timing, and direction of these drivers were considered in this planning effort. They will continue to affect the priorities and direction of the Roadmap as its business initiatives are implemented. The five key business drivers, depicted as blue arrows at the left of the Business Initiatives Chart, are:

- **Priorities of Government** – In August of 2002, Washington state initiated a Priorities of Government budget approach that identified results as the basis for budget decision making. The process departed from the traditional incremental budget display that focuses on the changes from the existing spending level. It made it easier to consider the way state services are delivered and to make budget decisions that eliminated programs less essential to achieving critical results. POG provided a specific mandate for administrative initiatives such as the Roadmap to “strengthen government’s ability to achieve its results efficiently and effectively.”
- **Personnel System Reform Act of 2002** – The PSRA focuses on improving service to the public and working environments for employees by updating the work rules, labor agreements, and contracting agreements that have been in force for 40 years. The act includes a new civil service system, competitive contracting, and collective bargaining. These three components of the act operate together to accomplish the goal of better government and improved service to the public.

- **Strategic sourcing initiative** – SmartBuying is a comprehensive approach to identify how organizations buy goods and services. It is more than bulk buying. The approach incorporates market strategies to get the best bid responses for purchases. The process also considers costs for transportation, storage, disposal, and administration. These are sometimes hidden costs that yield significant savings when revealed. This initiative increases the urgency of establishing and implementing the enterprise policy, process, and data standards that will help the GA and agencies meet their SmartBuying performance objectives.
- **Government Management Accountability and Performance** – This program is aimed at improving and monitoring the accountability of the state government. The *Roadmap* will help enable GMAP by emphasizing measurable results and possibly providing supporting processes and tools. With its management orientation, the *Roadmap* is also an example of how GMAP principles can be applied to improve the performance of state activities.
- **Common Business Problems and Opportunities** – Milestone 1 of the *Roadmap* identified the 15 overarching back-office business problems and opportunities shared by all agencies. The *Roadmap* program offers the opportunity to solve these common problems together, rather than agency by agency. More information about these common problems can be found on the *Roadmap* Web site at <http://www.ofm.wa.gov/Roadmap/deliverables/cbpo.doc>.

2. The *Roadmap* Triangle

The business initiatives are aligned within the five levels of the *Roadmap* triangle (from the bottom to top of the chart):

- **Base – *Foundation*** activities such as planning, requirements definition, business and data modeling, to understand our business and discover enterprise best practices. (This is the purple level in Exhibit III-1.)
- **Second level – *Decision support*** tools and enterprise data stores for easy access to enterprise and agency data. (This is the lower yellow level in Exhibit III-1.)
- **Third level** – The *core transaction*-based business functions aimed at improved data collection and faster, cheaper processes. These functions are the “engine” for the higher-value processes in the next two levels. (This is the green level in Exhibit III-1.)
- **Fourth level** – Taking advantage of the improvements in the second level to implement data-driven *operations management* practices aimed at improved decision making for resource allocation, better returns on investments, and enhanced accountability over assets. (This is the orange level Exhibit III-1.)
- **Top level** – Enable *performance*-driven planning and accountability for results. (This is the top yellow level in Exhibit III-1.)

3. Business Initiatives and Timeline

The nine *Roadmap* business initiatives are shown in Exhibit III-1 as separately shaded bars within each level of the *Roadmap* triangle. The initiatives have the following characteristics:

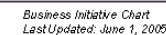
- They are designed to deliver specific business value.
- Each initiative includes current (light blue in Exhibit III-1), planning (turquoise in Exhibit III-1), and implementation (white in Exhibit III-1) projects.
- Planning for each initiative will include identification of quick-wins – policy and process changes that can be implemented quickly for immediate benefits.

The FY06 through FY12 timeline at the top of the chart shows the approximate sequence of these projects over the next seven fiscal years. The timeline along the bottom shows the calendar dates associated with these fiscal years.

4. Business Value

The business value statements in the text boxes on the right side of the chart indicate the expected outcomes that will result from each of the business initiatives. The planning for each initiative will include identification of specific performance metrics for measuring these results.

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IV. Business Initiatives



The *Roadmap* business initiatives are groups of policy, process, and technology projects that will, when executed, produce measurable outcomes for financial and administrative business processes. The business initiatives were developed from the analysis done by the team on business process decomposition, common business problems and opportunities, the *Roadmap* business case, surveys of other states, and consultation on contemporary practices for implementing significant business process improvements in large organizations.

The nine *Roadmap* business initiatives share the following characteristics:

They provide improved functionality in one or more related process areas in the *Roadmap* Business Process Model (see Exhibit II-2); the specific process areas addressed by each initiative are indicated in the narrative below.

They address one or more of the business problems identified in the Common Business Problems and Opportunities document (see Exhibit A-1).

They address and resolve one or more of the issues documented in the Listing of Policy, Process, System/Data and Organizational Issues (see the narrative below and a summary table in Exhibit C-1) for the *Roadmap*.

In addition to the implementation projects described in the narrative, they include policy and process definition projects aimed at identifying opportunities for “quick wins” and longer-term solutions.

They produce specific and measurable business value outcomes as described in the narrative below.

The business initiatives are described in the narrative below, which is organized by the five levels of the *Roadmap* triangle. Each level includes a brief description and an illustration of the processes, functions, and activities from the *Roadmap* Business Process Model included in the scope of that level’s initiatives.

The narrative provides the following information for each business initiative:

- (1) **Description** – A brief description of the business initiative.
- (2) **Business value** – Presents the business value to be achieved by completing the initiative. The business values are based on identifying common business problems and opportunities and the high-level benefits presented in the *Roadmap* business case. These summary statements will provide an initial guideline for preparing the performance measures by which the success of each initiative will be assessed.
- (3) **Dependencies** – Identifies the prerequisites for beginning the initiative. The dependencies aid in defining the sequence of events that must occur through the *Roadmap* to achieve the results.

- (4) **Issues addressed** – Identifies the known issues that will be addressed in the initiative. These issues were identified during the business process decomposition effort and other analysis by the *Roadmap* team. Appendix C provides the relationship of those requirements to the business initiatives that will address them.
- (5) **Projects** – Identifies the projects that are anticipated to implement each initiative. The project descriptions provide a brief indication of the scope of each project and what will be achieved. Current projects that contribute to or influence the initiatives are also described.

A. Business Initiatives Detail

1. FOUNDATION LEVEL

The base level of the Roadmap triangle (purple) – this level includes foundation activities such as planning, requirements definition, and business and data modeling, to understand the state’s financial and administrative business processes and discover enterprise best practices.

a. **FOUNDATION INITIATIVE**

(1) **Description**

The foundation initiative includes the planning and analysis projects that can be completed in parallel with the HRMS implementation to set the structure and standards for future business initiative implementations. These projects will define the desired enterprise best practice business processes and requirements at a high level. Detailed business processes will be defined later, because they are somewhat dependent on the specific system and tools selected to support each initiative.

(2) **Business value**

The primary business values provided by this initiative are:

- A shared vision on enterprise best practice policies, processes, data, and performance measures.
- The ability to make *Roadmap* policy decisions and provide program oversight through governance.
- A better understanding of the state’s business policies and processes within the scope of the *Roadmap*.
- Understanding of the breadth of policy and process change.
- Recommendations for resolution of some of the policy, process, data, and organizational issues for the *Roadmap*.

- A strategy for measuring and monitoring outcomes of *Roadmap* initiatives.
- A better reporting framework with a newly defined enterprise chart of accounts.
- A strategy to support integration of current environment with future initiatives
- Potentially, demonstrated success with a pilot project

(3) Dependencies

Other than “do no harm to HRMS” and availability of funding and resources, there are no dependencies identified for this first initiative.

(4) Issues addressed

The following issues affecting all business cycles will be addressed by this initiative:

- Key decisions:
 - How aggressive should the state be in adopting and enforcing the use of best practices?
 - How can *Roadmap* results be most effectively measured and monitored?
 - Should support for some level of inter-jurisdictional reporting be within the *Roadmap* scope?
 - To what extent should agency-unique policies be replaced by statewide policies?
- Critical success factors:
 - Financial and program managers must receive targeted training.
 - The *Roadmap* needs to manage to the capacity for change of both the state and individual agencies.
 - The *Roadmap* must implement solutions that deliver results and get the job done.
 - The *Roadmap* must move agencies towards enterprise solutions, where appropriate.
 - Auditor involvement in internal control is critical to the *Roadmap*’s success.
 - The *Roadmap* must move towards risk-appropriate, value-added internal controls.
- Constraints:

- The decentralized state management structure tends to impede strategic enterprise initiatives.

In addition, many issues documented for the remaining business initiatives must also be considered during the foundation initiatives projects.

(5) Projects

The projects included in the foundation initiative are described below:

- **Chart of accounts recommendation** – This is a current project to define a new account code structure needed to meet current and future accounting and reporting needs. This project is crucial to the implementation of any comprehensive enterprise-wide systems solution. It involves standardization of statewide account codes and definition of codes that agencies can develop to meet agency-specific reporting needs.
- **Implement *Roadmap* governance and service delivery** – This project will implement the governance and service delivery recommendation as adopted from the Enterprise Service Delivery Model report. This includes establishing a steering committee for making key policy decisions related to the business initiatives and identifying sponsors for each initiative. It will also establish a communications process, related authority and responsibility, and a change management approach.
- **Develop enterprise business policy and process model** – This project will establish business policies and process approaches for key business processes. An outcome of this project will be a desired approach for the key business processes with recommendations as to the degree of central versus agency authority and responsibility for the processes.
- **Develop high-level requirements** – This project will develop high-level requirements for each of the business initiatives. These requirements will be used in the feasibility studies as a starting point to identify the best tools for implementing the *Roadmap* projects. The requirements will also be used to evaluate software for the core transaction processing function.
- **Define performance measures and evaluation approach** – This project will identify specific measures for evaluating whether each business initiative has achieved its business goals and provide methods for conducting the evaluation.
- **Develop enterprise data model and standards** – This project will define the data standards for systems and tools implemented by the *Roadmap* projects as well as for systems that interact with the core *Roadmap* processes. These standards will be enforced for any agency system providing or using financial data.

- **Develop integration architecture model** – This project will develop a strategy for standardizing system integration points for financial data. Because the *Roadmap* projects are expected to take several years to complete, systems implemented during that period may need to integrate with the legacy system until the *Roadmap* systems can use or provide data needed by agency systems or subsequent *Roadmap* projects. The integration architecture model will provide a standard approach that will minimize the impact on systems when the integration points change.
- **Develop work flow strategy** – This project will develop a long-term strategy for work flow to support the business processes. Work flow can improve business processes by providing paperless approvals and intelligent routing for the approval process. This project will evaluate the feasibility of expanding the capabilities in the new HRMS to meet enterprise work flow needs.
- **Develop portal strategy** – This project will develop a strategy for providing standard access to financial and administrative applications and data for employees and the public. This will include evaluating the feasibility of expanding the portal capabilities in the new HRMS and/or WEBS.
- **Conduct pilot implementation** – A pilot implementation would be used to implement a quick-win opportunity and to test the *Roadmap* governance structure and implementation approach. A specific opportunity for a pilot project must still be identified. A pilot project should have the following characteristics:
 - The pilot project should support one or more agencies that have an urgent need.
 - The pilot project should be implemented in such a way that it can be expanded for statewide rollout. It should not be so specific to an agency that other agencies would be precluded from using it.
 - The pilot project should provide future flexibility. If the project has limited success, a different approach would be selected. The pilot agencies would accept the risk that they might need to re-implement the processes.
- **Validate and update *Roadmap* governance and service delivery** – This is an ongoing project to continually examine and improve the governance and service delivery model as phases of the *Roadmap* are delivered and the team gains knowledge of what aspects of the governance structure and service delivery work well and what aspects can be improved.

b. *BUSINESS PROCESS SUPPORT*

(1) Description

This initiative includes technology projects to implement the work flow and portal strategies developed during the Foundation initiative.

(2) Business value

The primary business values provided by this initiative are:

- Streamlined processes.
- Reducing the time spent on administrative tasks – perform processes faster, cheaper, and better.
- Increasing the public confidence in government.
- Improving customer service related to supply chain and revenue processes.

(3) Dependencies

Deployment of the enterprise portal and work flow must be done in phases as the business functions that are to be supported are completed. In most cases, the work flow deployment would follow implementation of the business functionality to allow time for approval requirements to mature.

(4) Issues addressed

No specific issues were identified during the business process analysis that relate to the business process support initiative.

(5) Projects

The projects included in this initiative are described below; the planning for the projects is included in the foundation initiatives:

- **Work flow** – This project will implement work flow processes to support those business processes in which electronic interaction between agencies and within agencies can replace paper flow. This will enhance the review and approval processes and expand the communications opportunities. Implementation of work flow may be done in a number of small projects as the functionality that can benefit from this feature is deployed.
- **Expand enterprise portal** – This will be a series of projects to make information from the *Roadmap* projects available to the staff and

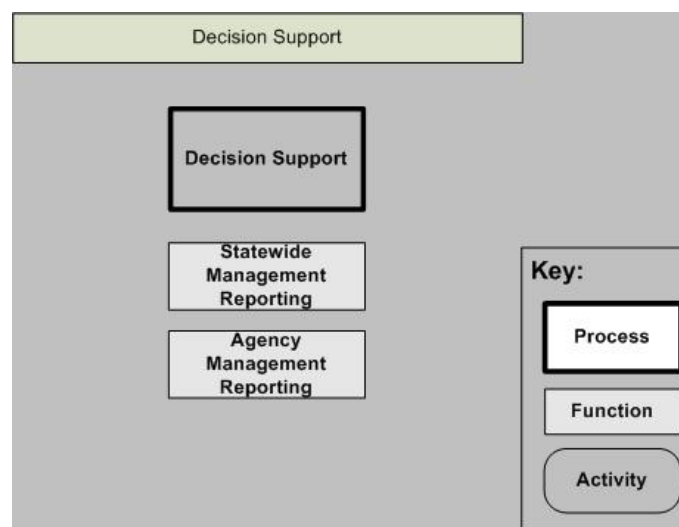
public. WEBS is a current example of how the portal might be deployed for public access.

2. DECISION SUPPORT LEVEL

Second level of the Roadmap triangle (lower yellow) – decision support tools and ever-expanding data stores, for easy and timely access to enterprise and agency data.

Exhibit IV-1 presents the business processes included in the scope of the initiatives in this level.

Exhibit IV-1: Roadmap Business Process Model – Decision Support



a. *DECISION SUPPORT*

(1) Description

This initiative will provide decision support tools and enterprise data stores for easy access to enterprise and agency data. The decision support initiative represents an ongoing effort to improve the reporting capabilities of statewide and agency data. This initiative assumes that a common set of tools and data standards will be implemented by OFM's enterprise reporting unit, in partnership with agencies, as a continuation of the ongoing Enterprise Reporting project. Subject area data from each *Roadmap* initiative will be provided to the data warehouse as it becomes available through implementation of the *Roadmap* projects.

In recognition of the critical and strategic value of enterprise reporting, the *Roadmap* program will continually:

- Expand and improve decision support capabilities.

- Put better reporting tools in the hands of managers.
- Deliver new and richer data stores as new information sources become available.

This will be accomplished by building an independent reporting environment that uncouples reporting from the systems that produce the data and by incremental expansion of the data warehouse.

(2) **Business value**

The primary business values expected from this initiative are:

- Better information and results that will:
 - Allow access to the right information at the right time.
 - Allow for richer data storage (budget, HR, procurement, operations, and performance).
- Reduced costs for shadow reporting systems.
- Enterprise-wide financial information to support POG, GMAP, PSRA, and strategic sourcing.
- Better support for policy, budget, and management decisions and priorities.

(3) **Dependencies**

The enterprise reporting project is ongoing. Rolling out new subject-area data to the data warehouse is dependent on implementing the processes that will create the data.

(4) **Issues addressed**

Numerous reporting issues were identified during the business process analysis focus groups. These issues were categorized as “requirements” and listed in [Exhibit A-1: Common Business Problems and Opportunities Reference](#).

(5) **Projects**

The projects included in the decision support initiative are described below:

- **Enterprise reporting** – This project continues the OFM enterprise reporting unit’s implementation of common reporting tools and common data warehouse standards to address the many standard and ad hoc reporting needs.

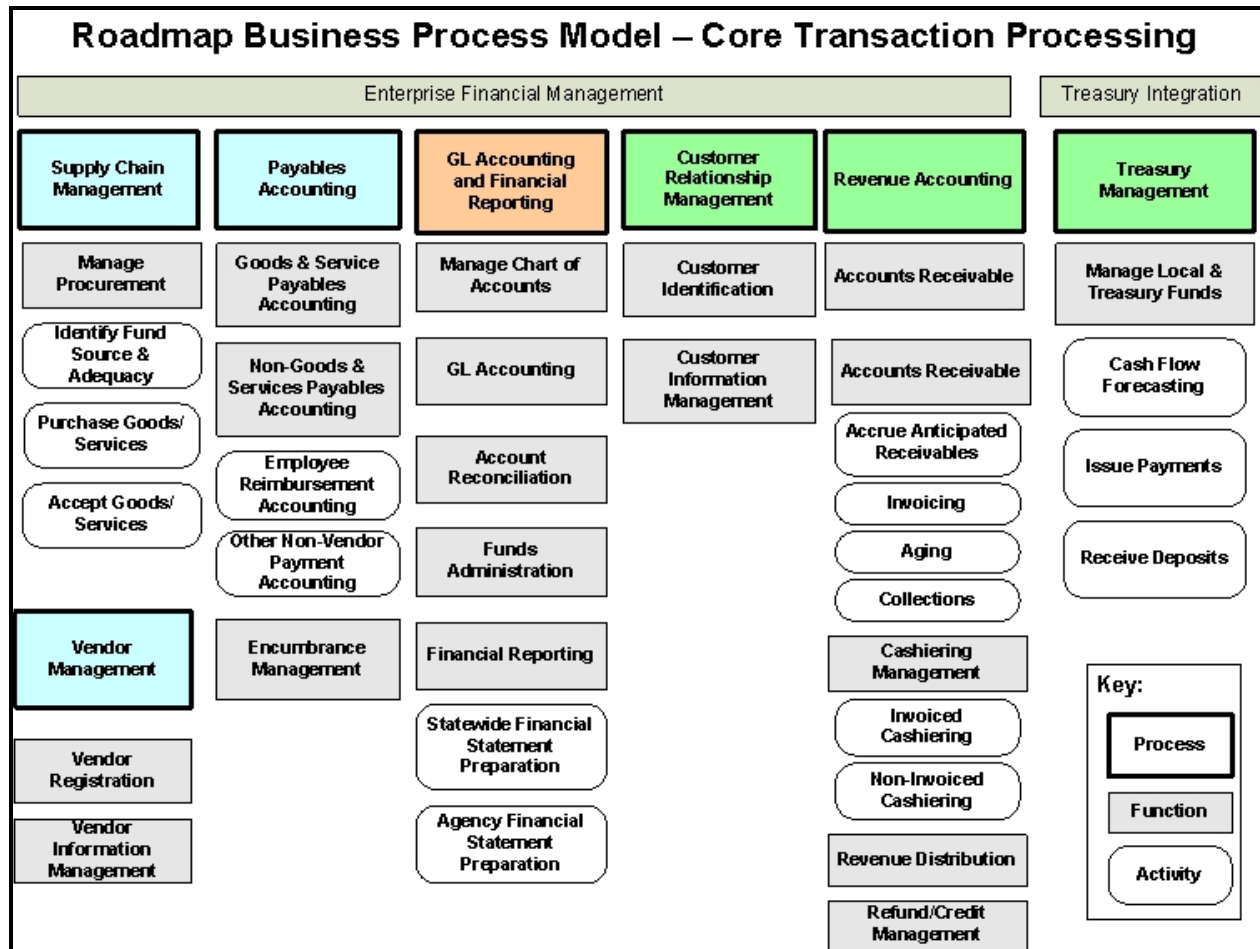
- **Develop an integration strategy** – This project will review the reporting needs for financial and statistical information at the statewide and agency levels and develop a strategy for presenting the information from the other *Roadmap* projects to support those needs.
- **Release subject-area data marts** – As functionality is implemented by various *Roadmap* projects, the reporting data for that function will be released to the data warehouse. The projects for releasing data to the data warehouse will either be accomplished as part of the functional implementations or as separate projects immediately following each functional implementation. Subject areas that have been identified include:
 - General ledger.
 - Accounts receivable.
 - Payables.
 - Budget and revenue/expenditure actual activity.
 - Budget development.
 - Asset management.
 - Project management.
 - Performance measures.
 - Risk management.

3. CORE TRANSACTION PROCESSING LEVEL

Third level of the Roadmap triangle (green) – the core transaction-based business functions aimed at improved data collection and faster, cheaper processes, freeing up staff time for higher value work. These core functions are the “engine” for the two levels above.

Exhibit IV-2 presents the business processes included in the scope of the initiatives in this level.

Exhibit IV-2: Core Transaction Processing Business Process Scope



a. ENTERPRISE FINANCIAL MANAGEMENT

(1) Description

This initiative includes essential core financial policies, processes, and tools to support statewide reporting using a new chart of accounts and statewide financial processing for general ledger, payables accounting, revenue accounting, and employee travel and expense reimbursement. It also includes common vendor management because of its relationship to procurement and payables, as well as customer information management because of its relationship with revenue accounting and accounts receivable. This initiative includes financial reporting such as preparation of the Comprehensive Annual Financial Report (CAFR) but excludes management reporting, which will be provided by the decision support initiative. Financial information from these projects will provide subject-area data to the data warehouse supporting the decision support processes.

(2) **Business value**

The primary business values provided by this initiative are:

- Reduced time spent on administrative tasks – processes performed faster, cheaper, and better. Reduced number and costs of back-office shadow systems.
- Better data collection. More time, energy, and money focused on mission-critical activities instead of administration
- Improved customer relations.

(3) **Dependencies**

This initiative is dependent on the completion of the foundation initiatives including the chart of accounts recommendation. This initiative will implement the enterprise chart of accounts and technical platform envisioned for subsequent initiatives. This initiative is also dependent on completion of the HRMS project.

(4) **Issues addressed**

Issues identified during the business process analysis that relate to this business initiative include:

- Key decisions:
 - How prescriptive should the state be in reserving account codes to support enterprise needs?
 - Should agencies be able/required to account by budget activity code?
 - What changes to the chart of accounts are needed to support both agency and statewide needs?
 - Five government functions may not be enough for CAFR reporting.
 - Should the state continue to use the transaction code approach for general ledger accounting?
 - Should imaging of invoices be a requirement for accounts payable?
 - What enterprise data standards are necessary to support strategic revenue management initiatives?
- Critical success factors:
 - The risks of changing the state chart of accounts must be fully understood and effectively mitigated.

- Constraints:
 - Local funds require special processing.
- Opportunities for improvement:
 - Better support is needed for tracking and payment of use tax.
 - Interagency payment processes could be further streamlined.
 - Invoice approval processes may be over-controlled by some agencies.
 - Timing of payments could be timed closer to the due date.
 - Better support is needed for revenue refunds and NSF checks.
 - Standardization of invoicing and collections practices across agencies may promote efficiencies.
 - SAAM 40.40.10 economic feasibility study requirements should be reviewed.
 - Invoicing must be more tightly integrated with accounts receivable.
 - Receipts without all key data result in extra work.

(5) Projects

The projects included in this initiative are described below:

- **Validate and update business process and integration architecture models** – This project will review and validate the business process and integration architecture models developed during the foundation initiatives. The purpose of this review is to update the models to reflect changes in legislation, best practices, vendor products, and the experience gained from other *Roadmap* projects. This project provides the guidelines and direction for the remaining projects in this initiative.
- Because the enterprise financial management projects will likely be scheduled early in the overall *Roadmap* implementation, minimal work should be needed for this project.
- **Conduct feasibility study** – This project includes a feasibility study to assess alternatives for the enterprise financial management initiative, to develop a detailed work plan for implementing the initiative projects, and to determine the costs and quantified benefits for moving forward. This feasibility study will need to be approved by the ISB.
- **Conduct procurement** – This project includes the activities needed to define detailed requirements for the enterprise financial management projects and the procurement of software and consultant help needed to implement the initiative.

- Note: The inventory management and procurement management feasibility and procurement will be included in the enterprise financial management initiative because of the need to tightly integrate this functionality with core transaction processing.
- **Implement vendor management** – Part of the vendor management capabilities have already been implemented through the WEBS project. WEBS focuses on vendor registration of commodities and for notification of bid opportunities. The current WEBS data includes vendors that may never get paid and excludes payees that will get payments but do not go through the procurement process (such as utility vendors). This project includes integrating the WEBS process and data with the additional processes and data needed to support vendor and non-vendor payments made through the enterprise accounts payable processes, reporting, and tracking of vendor performance. This project could potentially include vendor self-service capabilities, depending on the functionality of the selected software.
- **Implement core transaction processing** – This project includes the following processes:
 - **Chart of accounts management** – This process includes the implementation of the recommended chart of accounts into the selected core financial system, implementation of policies and procedures related to statewide and agency use of the new chart of accounts, and implementation of tools to maintain the chart of accounts.
 - **General ledger accounting** – This process encompasses the preparation, review, and recording of transactions to the appropriate fund, program, general ledger accounts, and subsidiary accounts to ensure that the financial position and results of operations are fairly stated.
 - **Procurement management** – This project will implement basic business processes and tools to integrate the procurement process with the general ledger and payment processes. It includes the identification of funding sources and the verification of available funds for procurement purposes. In addition, it addresses approval request processes for purchasing needs and the purchase of required goods or services using the most effective source and methods, in accordance with state purchasing and contracting requirements. Finally, this project is intended to address the receipt and acceptance of goods or services with integration to the accounts payable process in the core financial system.
 - **Payables accounting** – This process includes policies, procedures, and tools for making vendor payments. This effort includes the management of payments and credits against invoices

and contracts for goods and services provided by state vendors. It also addresses the tracking of liabilities for goods and services received but not yet paid, as well as compliance with federal tax reporting requirements.

- **Employee expense/travel reimbursement** – This process provides for tracking and payment of employee travel and other employee reimbursements. A travel system has recently been implemented to meet most of these requirements. This functionality will be integrated into the core transaction processing.
- **Customer information management** – This process includes the policies, processes, and tools to establish and maintain central or agency information on persons and companies that owe the state money. This is not intended to replace agency mission-critical systems that hold accounts receivable information.
- **Revenue accounting** – This process includes the policies, processes, and tools for managing accounts receivable and receipts. Accounts receivable encompasses a common invoicing for customers receiving goods and services from the state as well as receivables for other moneys owed to the state (for example, reimbursement for a damaged guardrail). It also involves the collection of funds owed to the state; the assessment and recording of interest, penalties, or fines, as appropriate; and the evaluation of accounts for the purpose of writing off debts in accordance with statewide policy.

Revenue accounting also includes the receipt of moneys for payment of receivables or for cash payments. Central processes will be provided for miscellaneous cash receipts. Agency mission-critical processes for receipts (for example, drivers licenses) will report receipts at a summary level. This process requires integration with Treasury management.

- **Integrate financial reporting** – This project recognizes the necessity of continuing to produce award-winning financial statements while the financial records are in transition. Depending on the final rollout strategy, agencies may be using different systems as their primary books of record for some period. Another strategy could be to do a minimal conversion of records at a summary level for all agencies but continue to use the legacy systems for some processes. A third strategy could be to continue to use the current systems for financial reporting until all agencies are converted to the new system. In any of the alternatives, an interim process to integrate the financial information for statewide financial reporting will be needed.
- **Implement subsequent releases** – This project recognizes that it may not be possible to implement all agencies and/or functionality in the

core transaction processing at once. This project provides a placeholder for subsequent releases of agencies or functionality onto the new system (including related policies and business processes).

b. *TREASURY INTEGRATION*

(1) Description

The Treasury integration initiative recognizes the close relationship of Treasury cash management to the general ledger, revenue accounting, and payable processes. Treasury has recently developed a new TM\$, which will need to be integrated with the new enterprise financial management processes.

(2) Business value

The business values provided by this initiative are:

- Streamlined processes.
- Increased return on investments.

(3) Dependencies

The TM\$ integration project must be done at the same time as the core transaction processing project to provide integration with receipts and disbursements. The cash forecasting project will rely on quality data from the financial processes and should be done once the enterprise financial management initiative is complete.

(4) Issues addressed

No specific issues were identified during the business process analysis that relate to the Treasury integration initiative.

(5) Projects

The projects included in the Treasury integration initiative are described below:

- **TM\$ integration** – This project will integrate the core transaction processing with the TM\$ process. It will include integration of payment, receipts, and other cash activity originating in either the Treasury system or the financial systems.
- **Implement cash forecasting** – This project will develop a cash forecasting process utilizing information available in the financial

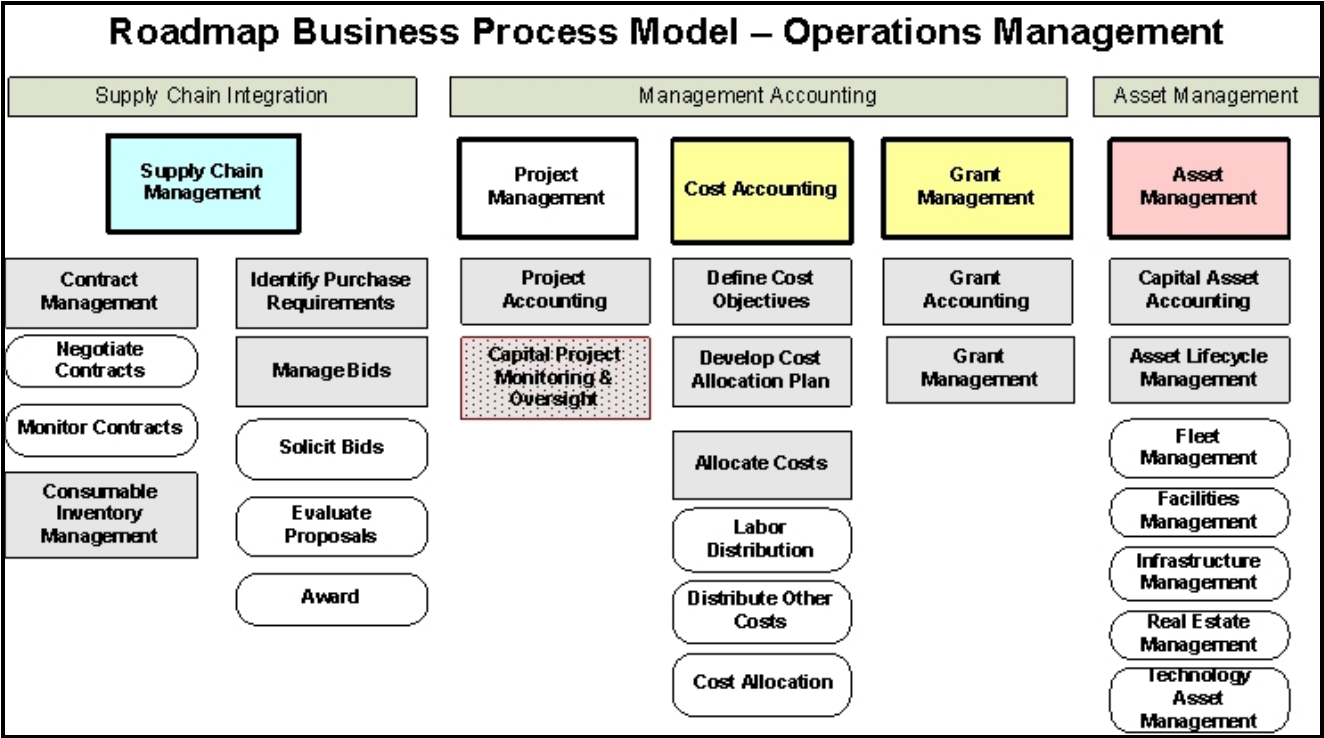
systems. It may also utilize information from the data warehouse and other sources.

4. OPERATIONS MANAGEMENT LEVEL

Fourth level of the Roadmap triangle (orange) – leverages improvements made in the first three levels to implement data-driven operations management practices aimed at improved decision making for resource allocation, better returns on investments, and enhanced accountability over assets.

Exhibit IV-3 presents the business processes included in the scope of the initiatives in this level.

Exhibit IV-3: Operations Management Business Process Scope



a. SUPPLY CHAIN INTEGRATION

(1) Description

This business initiative addresses the purchasing business processes for smart and efficient purchases of goods and services. The initiative includes improvements in policies and processes as well as tools to support the processes. Some aspects of this initiative have already been implemented by the GA or are underway. They are included here to provide a complete picture of the improvements to the supply chain that will address the

common business problems and opportunities and the supply chain business processes.

(2) Business value

The business values provided by this initiative are:

- Lower cost of goods and services.
- Accountability for purchases.
- Less cash on the shelf.
- Improved customer service related to supply chain processes.

(3) Dependencies

Early steps of this business initiative are underway or have recently been completed by the GA. This includes WEBS and strategic sourcing. The remaining projects will build on the work that has been done and integrate these current programs with the financial and performance information developed through the other initiatives.

(4) Issues addressed

Issues identified during the business process analysis that relate to this business initiative include:

- Key decisions:
 - What enterprise data standards are necessary to support strategic sourcing initiatives?
 - How aggressive should the state be in enforcing the use of purchase contracts?
 - What enterprise data standards are necessary to support strategic consumable inventory management?
 - To what extent do agency procurement policies and practices need to be aligned with state policy?
 - What changes to the state purchasing policies and processes are needed to support the *Roadmap*?
 - How aggressive should the state be in consolidating the supplier base?
 - What policies are needed to increase the savings from the use of purchase cards?
 - Should agencies be allowed to make advance payments where it is the industry standard?

- To what extent should business relations between agencies be standardized?
- Critical success factors:
 - Purchasing office needs to be adequately staffed to support strategic sourcing.
- Opportunities for process improvement:
 - Sole-source IT purchase criteria could be more consistent.
 - Agency purchase practices could be less transaction-focused.

(5) Projects

The projects included in this initiative are described below:

- **WEBS** – Recently implemented by the GA, the WEBS system allows vendors to register the commodities or services they provide and allows agencies to leverage that information to procure goods and services. This project provides an initial effort at standardizing vendor numbers and commodities. The WEBS scope includes the bid management solicitation activity but not bid evaluation or award activities. Vendor management (including payables vendors) and future procurement integration projects will need to integrate with this system.
- **Validate and update business process and integration architecture models** – This project will review and validate the business process and integration architecture models developed during the foundation initiatives. The purpose of this review is to update the models to reflect changes in legislation, best practices, vendor products, and the experience gained from other *Roadmap* projects. This project provides the guidelines and direction for the remaining projects in this initiative.
- **Conduct feasibility study and procurement** – During this project, a feasibility study will be conducted to assess alternatives for the supply chain integration, to develop a detailed work plan for implementing the initiative projects, and to determine the costs and quantified benefits for moving forward. Detailed requirements for the supply chain improvement project will be developed and software and consultant help needed to implement the initiative will be procured. This feasibility study will need to be approved by the ISB.
- **Implement supply chain improvements** – This project includes the following processes:
 - **Purchasing requirements management** – The process includes business processes and tools to support the efficient acquisition of goods and services. It includes developing standard specifications

for commodities and tools to aid agencies in developing and distributing requirements for new goods or services.

- **Contract management** – This process includes business processes and tools to make information for statewide contracts available to the agency procurement process to facilitate standard pricing and volume buying. It will also include management of contracts negotiated by individual agencies.
- **Implement inventory management** – This project will implement business processes and tools to standardize consumable inventory management and to provide efficiencies in the management of inventories. It includes the recording and tracking of inventory receipts and issuances, as well as accounting for the value of consumable assets in both subsidiary ledgers and the general ledger, and using either periodic or perpetual inventory accounting methods as appropriate. It also provides information needed to ensure that stock levels are adequate to meet agency needs but are not excessive, and the performance of periodic physical inventory of assets. This project will follow closely behind implementation of the Enterprise Financial Management initiative, for those agencies that require inventory management functionality.

b. *MANAGEMENT ACCOUNTING*

(1) Description

This initiative provides capabilities to allocate and measure the cost of government services at different levels. It includes cost accounting, labor distribution, project accounting, and grant accounting. It is identified as a separate *Roadmap* initiative due to specialized agency accounting requirements. While these processes will be available for agencies to use to meet their management accounting needs, the *Roadmap* team recognizes that some agency management accounting needs are unique and may require agency-specific solutions.

(2) Business value

The primary business values provided by this initiative are:

- Consistent determination of the real cost of government services.
- Improved accountability for state and federal resources and expenditures.
- Maximized grant revenues.

(3) Dependencies

These projects are dependent on the enterprise financial management initiative because that initiative will provide the enterprise chart of accounts and core processes. They are also dependent on HRMS because HRMS will provide the labor distribution needed to support management accounting and reporting.

(4) Issues addressed

Issues identified during the business process analysis that relate to this initiative include:

- Key decisions:
 - To what extent do revolving fund policies and practices need to be changed to support the *Roadmap*?
 - How can risks of increased time reporting requirements be most effectively mitigated?
- Constraints:
 - Federal grantor agencies often have specific accounting and management requirements.

(5) Projects

The projects included in the management accounting initiative are described below:

- **Validate and update business process and integration architecture models** – This project will review and validate the business process and integration architecture models developed during the foundation initiatives. The purpose of this review is to update the models to reflect changes in legislation, best practices, vendor products, and the experience gained from other *Roadmap* projects. This project provides the guidelines and direction for the remaining projects in this initiative.
 This project will be done in parallel with validating and updating the business process and integration architecture models in the enterprise financial management initiative because these processes, technologies, and data are closely related.
- **Conduct feasibility study and procurement** – During this project, a feasibility study will be conducted to assess alternatives for management accounting, to develop a detailed work plan for implementing the initiative projects, and to determine the costs and quantified benefits for moving forward. Detailed requirements for the cost accounting, grant accounting, and project accounting projects will

be developed, and software and consultant help needed to implement the initiative will be procured. This project may be done in conjunction with the feasibility study and procurement projects in the initiative for enterprise financial management in order to leverage the integration opportunities. This feasibility study will need to be approved by the ISB.

- **Implement cost accounting** – This project will implement policies, processes, and tools to facilitate the following processes:
 - **Labor distribution (HRMS)** – This process provides the ability to distribute labor to specific cost centers and indirect pools for allocation to projects, grants, and other direct cost centers. Analysis will be required to determine the extent to which functionality in the HRMS is adequate or supplemental enterprise labor distribution tools are needed. Labor distribution functionality will be integrated with the management accounting processes.
 - **Distribute other costs** – This process provides the ability to distribute the costs of supplies and services to the indirect cost pools and to the direct cost pools. This capability should be an integral feature of the core transaction processing but will require integration with the management accounting processes.
 - **Cost allocation** – This process actually allocates costs from the indirect cost pools to the direct cost centers, grants, and projects. This process includes defining cost objectives and developing the cost allocation plans.
- **Grant accounting** – This project will implement policies, processes, and tools to support grant accounting and grant management.
- **Project accounting** – This project will implement policies, processes, and tools to support project accounting.

c. *ASSET MANAGEMENT*

(1) **Description**

This initiative supports the asset management processes at two levels. The first – capital asset budgeting, project tracking, and management – will provide visibility to capital project budgets and results (scope, schedule, and budget). This project will implement some of the recommendations from the Joint Legislative Audit and Review Committee's February 2005 *Performance Audit of Capital Budget Processes*. The second – capital asset management – addresses the capital asset accounting and asset management of specific types of assets.

(2) Business value

The primary business values provided by this initiative are:

- Improve the accountability for state resources and expenditures.
- Reduce the life cycle costs of assets.
- Maximize the value of capital assets.
- Reduce the time spent on administrative tasks – perform processes faster, cheaper, and better.
- Provide more strategic asset management.

(3) Dependencies

The completion of this initiative is dependent on the core transaction process implementation. Planning and procurement projects can begin once the foundation initiatives have established the standards for moving forward. The implementation of capital asset accounting could be done at the same time as the core transaction processing project if there is sufficient resources and agency bandwidth to support his project.

The life cycle asset management projects could be done at any time, recognizing that they may require additional integration work once the core transaction processing project is complete.

(4) Issues addressed

Issues identified during the business process analysis that relate to the asset management initiative include:

- Key decisions:
 - What enterprise data standards and tools are needed to support strategic asset management?
 - Should the capitalization threshold be increased above \$5,000?
- Opportunities for process improvement:
 - Could business plan instructions be improved to promote better strategic planning?
 - Small and attractive assets may be over-controlled by some agencies.

(5) Projects

The projects included in the asset management initiative are described below:

- **Capital asset budgeting, project tracking, and management:**

- **Conduct feasibility study and requirements** – This project includes a feasibility study to assess alternatives for the capital asset budgeting, project tracking, and management initiative, to develop a detailed work plan for implementing the initiative projects, and to determine the costs and quantified benefits for moving forward. This project also includes developing the requirements for the processes and tools to support this capability. This feasibility study will need to be approved by the ISB.
- **Conduct procurement** – This project includes the activities needed to procure software and acquire consultant help to implement the initiative.
- **Implement project monitoring and oversight** – This project will implement the policies, processes, and tools for capital asset budgeting, project tracking, and management.

- **Capital asset management**

- **Validate and update business process and integration architecture models** – This project will review and validate the business process, data, and integration architecture models developed during the foundation initiatives. The purpose of this review is to update the models to reflect changes in legislation, best practices, vendor products, and the experience gained from other *Roadmap* projects. This project provides the guidelines and direction for the remaining projects in this initiative.

A major outcome of this project will be a recommendation on how the life cycle asset management processes and tools should be deployed.

- **Conduct feasibility study and procurement** – During this project, a feasibility study will be conducted to assess alternatives for capital asset management, to develop a detailed work plan for implementing the initiative projects, and to determine the costs and quantified benefits for moving forward. Detailed requirements for the enterprise capital asset accounting project will be developed, and software and consultant help needed to implement the initiative will be procured. This feasibility study will need to be approved by the ISB.
- **Implement enterprise capital asset accounting** – This project will implement policies, processes, and tools to support accounting for capital asset accounting. This may include asset accounting tools as well as processes for obtaining asset value and depreciation from agency systems.

- **Implement operational asset management** – These projects will implement tools for managing assets. The projects are viewed as opportunistic. Agencies needing new functionality in these areas will be encouraged to implement the functionality in a manner that allows other agencies to leverage the experience and the tools. These processes include:
 - Implement fleet and equipment management.
 - Implement facilities management.
 - Implement real estate management.
 - Implement technology asset management.
 - Implement infrastructure management.

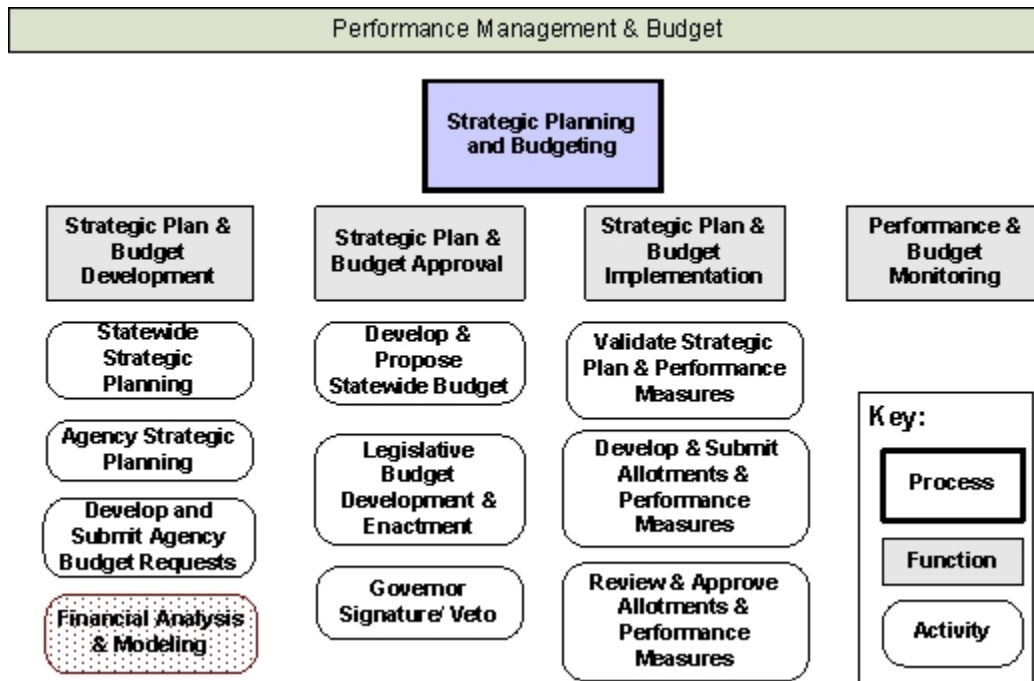
5. PERFORMANCE MANAGEMENT AND BUDGETING LEVEL

The top level of the Roadmap triangle (yellow) – this level enables performance-driven planning and accountability for results.

Performance management and budgeting encompasses both statewide and agency strategic planning, budget preparation, and monitoring cycles, as well as the preparation and monitoring of performance measures.

Exhibit IV-4 presents the business processes included in the scope of this initiative.

Exhibit IV-4: Performance Management Business Process Scope



a. *PERFORMANCE MANAGEMENT AND BUDGETING*

(1) Description

A number of tools are in place today to support performance and budget management. There are ongoing projects to improve those tools. In the future, the budget process will need to integrate with the financial processes and use the new enterprise chart of accounts. A major focus of this initiative is providing tools to streamline agency strategic planning and budget processes, and improving coordination between the agencies, OFM, the Washington State Legislature, and the Governor's Office.

(2) Business value

The primary business values provided by this initiative are:

- Enterprise-wide financial information to support strategic initiatives such as POG and GMAP.
- Informed budget decisions.
- Demonstrated results.
- Increased accountability to citizens.
- Reduced time spent on administrative tasks – perform processes faster, cheaper, and better.

- Support for better policy, budget, and management decisions and priorities.

(3) Dependencies

The early projects of this initiative are currently underway. Later projects will depend on the successful completion of these projects. The project to integrate and refine the strategic plan and the budget development and approval processes must be done at the same time as the core transaction processes to provide integration of the new account code structure and subsequent financial data into the budget process.

(4) Issues addressed

Issues identified during the business process analysis that relate to this initiative include:

- Key decisions:
 - Should the state use a franchise-funding model for budgeting agency business operations?
 - To what extent can performance measurement requirements be standardized?
 - To what extent should methodologies for cost determination be standardized?
- Opportunities for process improvement:
 - Can the process for requesting authority to spend unanticipated receipts be streamlined?
 - Can the project budget cycle requirements be simplified?
 - There may be an opportunity to reduce the supporting detail required for budget submissions.

(5) Projects

The projects included in the performance management and budgeting initiative are described below:

- **Strategic plan and budget implementation** – Projects are underway to implement updated capabilities for the budget process. These processes must be integrated with the new financial processes and with the streamlined budget development processes and tools:
 - **The Allotment System (TALS)** – The first release of TALS is expected to deliver core functionality needed by the state for

developing the Expenditure Authority Schedule. The second release will deliver core functionality for allotment development, approval, and management. Subsequent releases will address the additional needs of financial analysts and managers that are not included in the first release.

- **Salary Projection System (SPS)** – This project will modify SPS to meet business rule changes and include the labor relations Compensation Impact Model Agency Interface (CIMAI) functionality. The project includes an evaluation of whether some features currently part of CIMAI but not currently part of SPS could be included in this release of SPS.
- **Performance measure tracking system** – this system will provide:
 - Means for agencies to submit quarterly updates to performance measures in the Activity Budgeting System.
 - Means for OFM budget analysts to review and approve performance measure updates in the Activity Budgeting System.
 - Reports that compare performance measure actuals with estimates by agency or by statewide result area.
- **Integrate/refine strategic plan and budget development and approval** – This project will be conducted in parallel with the implementation of core transaction processing to provide a continuous integration between budget data and financial data. This project may include incorporating the new account code structure into the current budget system so that the budget preparation, implementation, and monitoring will use these structures.
- **Validate and update business process and integration architecture models** – This project will review and validate the business process and integration architecture models developed during the foundation initiatives. The purpose of this review is to update the models to reflect changes in legislation, best practices, vendor products, and the experience gained from other *Roadmap* projects. This project provides the guidelines and direction for the remaining projects in this initiative.
- **Conduct feasibility study and procurement** – During this project, a feasibility study will be conducted to assess alternatives for the streamlined budget processes, to develop a detailed work plan for implementing the initiative projects, and to determine the costs and quantified benefits for moving forward. Detailed requirements for the streamlined budget processes projects will be developed, and software and consultant help needed to implement the initiative will be procured. This feasibility study will need to be approved by the ISB.

- **Implement streamlined budget development** – This project will implement a new budget process that provides better tools for agencies to use in developing their budgets and provides a smooth transition from one-step of the budget cycle to the next. The vision would be a set of tools that the agencies, OFM, the Legislature, and the Governor's Office would use to complete the budget cycle. This project would support the following budget processes:
 - Strategic plan and budget development.
 - Strategic plan and budget implementation.
 - Performance and budget monitoring.

V. Costs, Risks, and Timing



This section presents a discussion of costs, risks, and the timing for implementing the *Roadmap* initiatives.

A. Costs

The costs for implementing the *Roadmap* are not known at this time. However, the six states surveyed reported costs ranging from \$5 million to \$17 million for system version upgrades and from \$30 million to \$240 million for ERP system implementations. The cost data is not comparable from state to state because each state project has a different scope and business environment and because costs have not been collected or reported on a consistent basis. The *Roadmap* program calls for doing a series of feasibility studies to estimate the costs for each of its initiatives.

B. Risks

Certain elements must be in place and the risks managed for programs of this nature to be successful. Exhibit V-1 on the following page identifies elements of successful projects as well as project risks.

In the initial implementation phase of the *Roadmap* – the foundation initiatives – the following three key success factors must be in place to mitigate risk:

- **Strong executive sponsorship.** All of the *Roadmap* executive sponsors have changed since the *Roadmap* effort began. The new sponsors must be briefed on the *Roadmap*, agree to support it, agree to provide resources, and lead the cultural transition to enterprise best business practices. The *Roadmap* will not succeed without this sponsorship providing the necessary support, focus, and discipline. Lack of resources has been a problem with enterprise projects in other states. The sponsors must be committed to providing adequate resources for the *Roadmap* if it is to be successful.
- **Strong governance structure.** The *Roadmap* has an existing governance structure. The Enterprise Service Delivery Model report presents alternatives for changing that structure. The *Roadmap* sponsors need to select the governance model they believe will operate most effectively and ensure stakeholder buy-in and timely decisions. Lack of an effective governance structure will lead to project delays, budget increases, or failure to achieve results.
- **Change management.** The *Roadmap* is a significant multi-year program that will fundamentally change how agencies perform their financial and administrative functions. In addition, agencies are dealing with challenges in implementing HRMS and this has created skepticism about the ability of enterprise-wide projects to succeed.

There must be an effective change management program to ensure that agencies understand the *Roadmap*, see how it benefits them, and have realistic expectations. Lack of such a change management program will lead to unnecessary fear and opposition.

As the *Roadmap* implementation progresses, there will be additional success factors that must be addressed and risks to mitigate. Appendix D lists some risks for each *Roadmap* initiative.

Exhibit V-1: Managing Risks for a Successful Project

Managing Risks for a Successful Project	
Elements of a Successful Project	Project Risks
Strong Executive Sponsorship	<ul style="list-style-type: none"> ▪ Lack of project support, focus, discipline and resources
Strong Governance Structure	<ul style="list-style-type: none"> ▪ Decisions not made ▪ Policy issues not resolved in a timely manner ▪ Lack of stakeholder buy in
Effective Project Management	<ul style="list-style-type: none"> ▪ Lack of understanding of project success factors ▪ Inability to handle political/organizational issues ▪ Inability to handle technical issues
Change Management	<ul style="list-style-type: none"> ▪ Lack of understanding of the impact of change ▪ Unrealistic expectations ▪ Fear and opposition
Technical Expertise	<ul style="list-style-type: none"> ▪ Lack of successful experience with ERP implementation ▪ Lack of successful experience in all aspects of ERP implementation: Payroll/personnel functions, change management, technical systems issues
Achievable Scope, Schedule, Budget	<ul style="list-style-type: none"> ▪ Scope too large ▪ No allowance for unexpected events ▪ Lack of adequate funding and project continuity
Proven Technology	<ul style="list-style-type: none"> ▪ Use of unproven software ▪ Extensive modifications to complex systems
Quality Assurance	<ul style="list-style-type: none"> ▪ Undetected risk issues ▪ Only one perspective on project solutions

C. Schedule

This subsection presents the *Roadmap* schedule using the best information available to the *Roadmap* team at this time. This schedule should be viewed as a living document that will change as new information becomes available to the *Roadmap* team. Additional data developed through early *Roadmap* projects, legislation, urgent business needs, and executive direction will cause projects to expand or contract and to accelerate or decelerate to reflect the changing priorities and information.

The projects were selected and sequenced through a series of meetings with the *Roadmap* team and agency advisors. Once the projects were identified, there was significant discussion and analysis on dependencies, the organizational ability to support change, and urgent needs. Key considerations in sequencing the projects were:

- **Current initiatives and projects** – Current initiatives and projects impact the projects going forward. Some current projects such as WEBS provide a foundation that may be used going forward. Other projects fill critical and immediate needs. These projects extend the capabilities of the current systems and give more time before that functionality needs to be addressed by the *Roadmap*.
- **Lessons learned** – The lessons learned from *Roadmap* research provided guidelines for project sequencing. For example, these lessons suggested conducting the foundation projects first and then implementing the core financial transaction processing functionality as a next step.
- **Dependencies** – The project schedule considers the dependencies between processes – the need to focus on data collection first and then address specific additional functionality.
- **Incremental approach** – The schedule recognizes the need to do an incremental implementation of functionality to lower risk.
- **Do no harm to HRMS** – The schedule recognizes the priority and resources requirements of the HRMS project. The initial projects were selected because they should have minimal impact on the resources needed to complete HRMS.

Exhibit V-2 presents the detailed *Roadmap* schedule. This schedule is summarized in the timeline depicted on the [Roadmap Business Initiatives chart](#).

Exhibit V-2: Roadmap Schedule

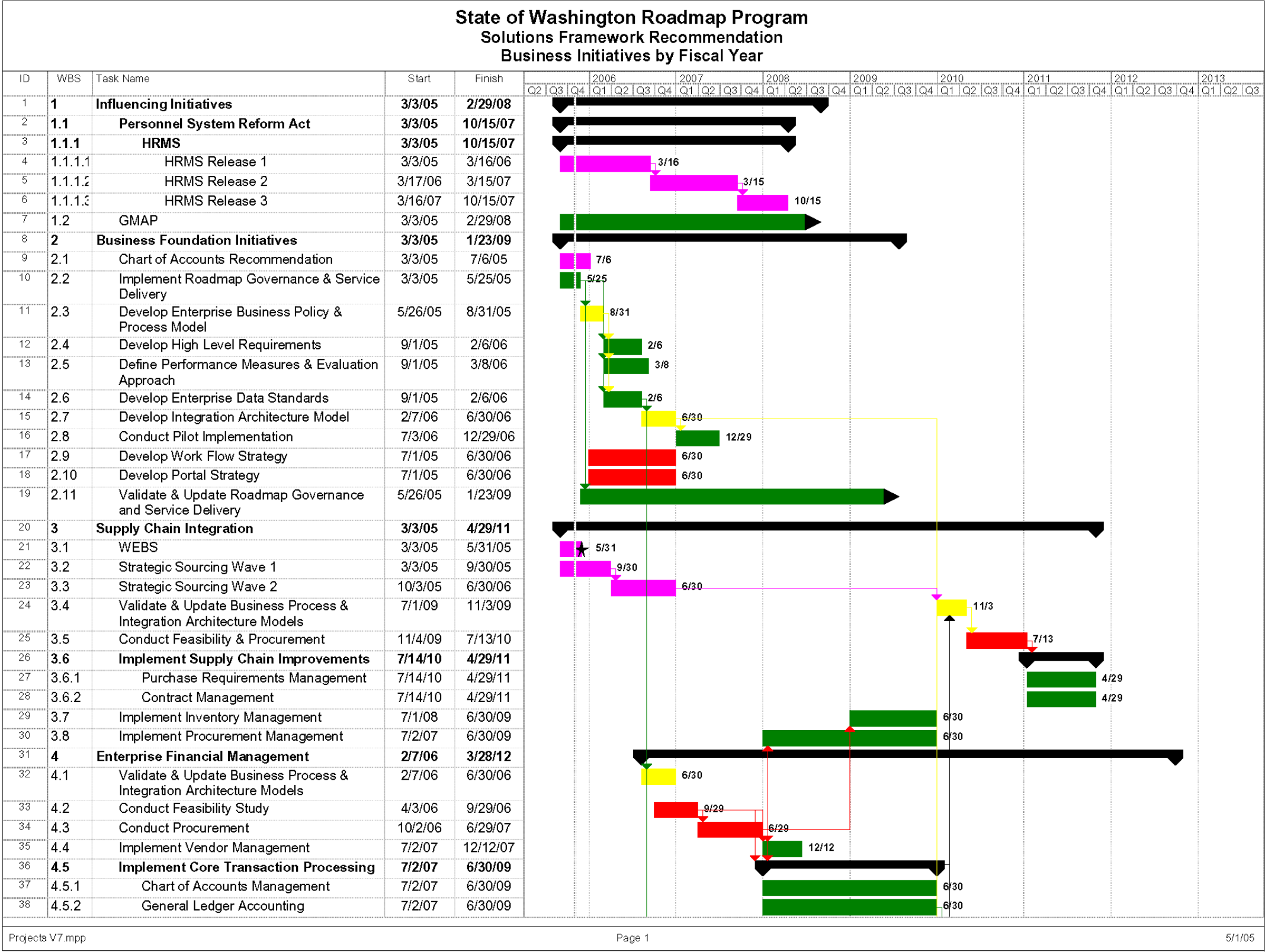


Exhibit IV-3: Roadmap Schedule (cont.)

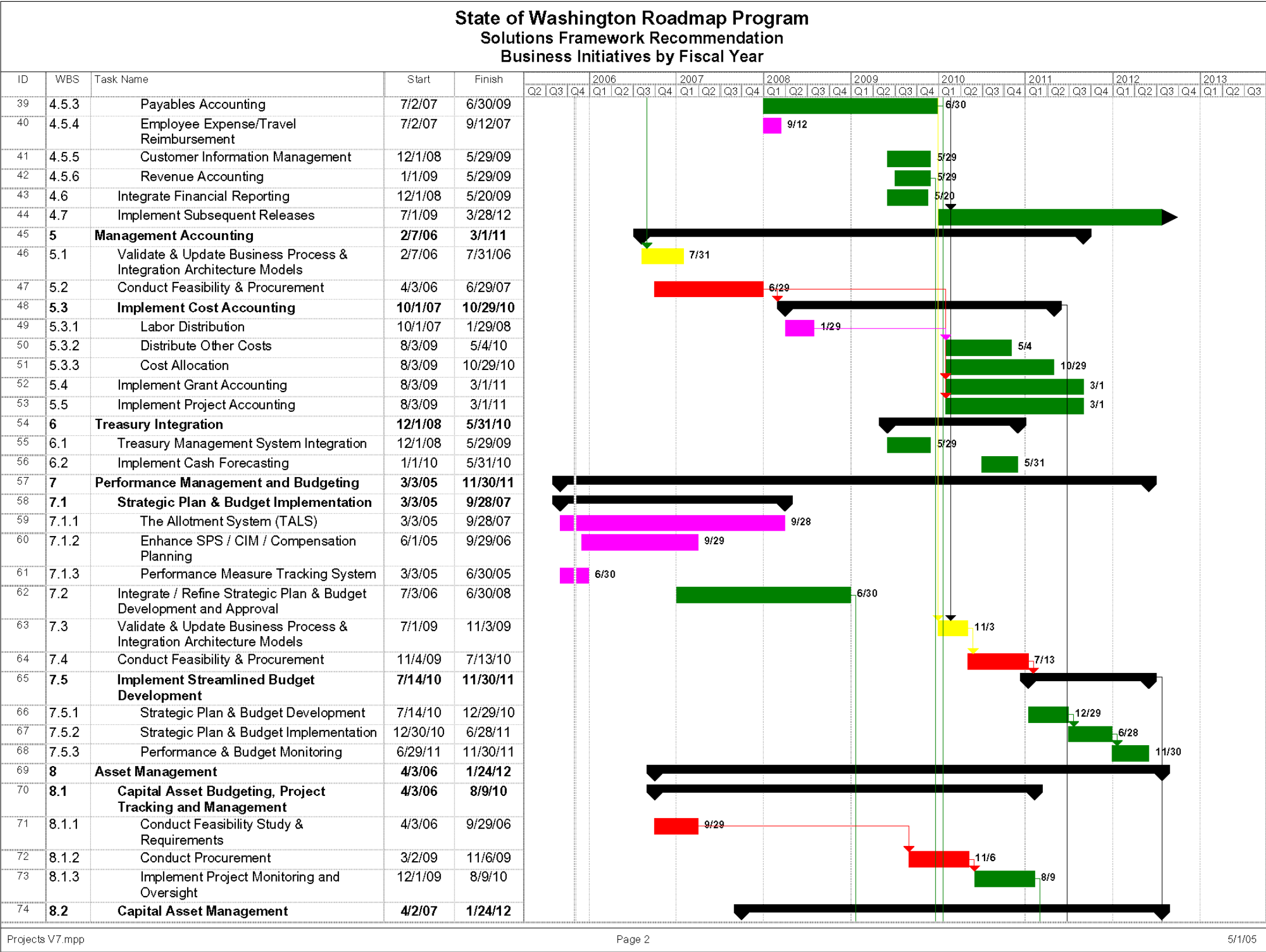
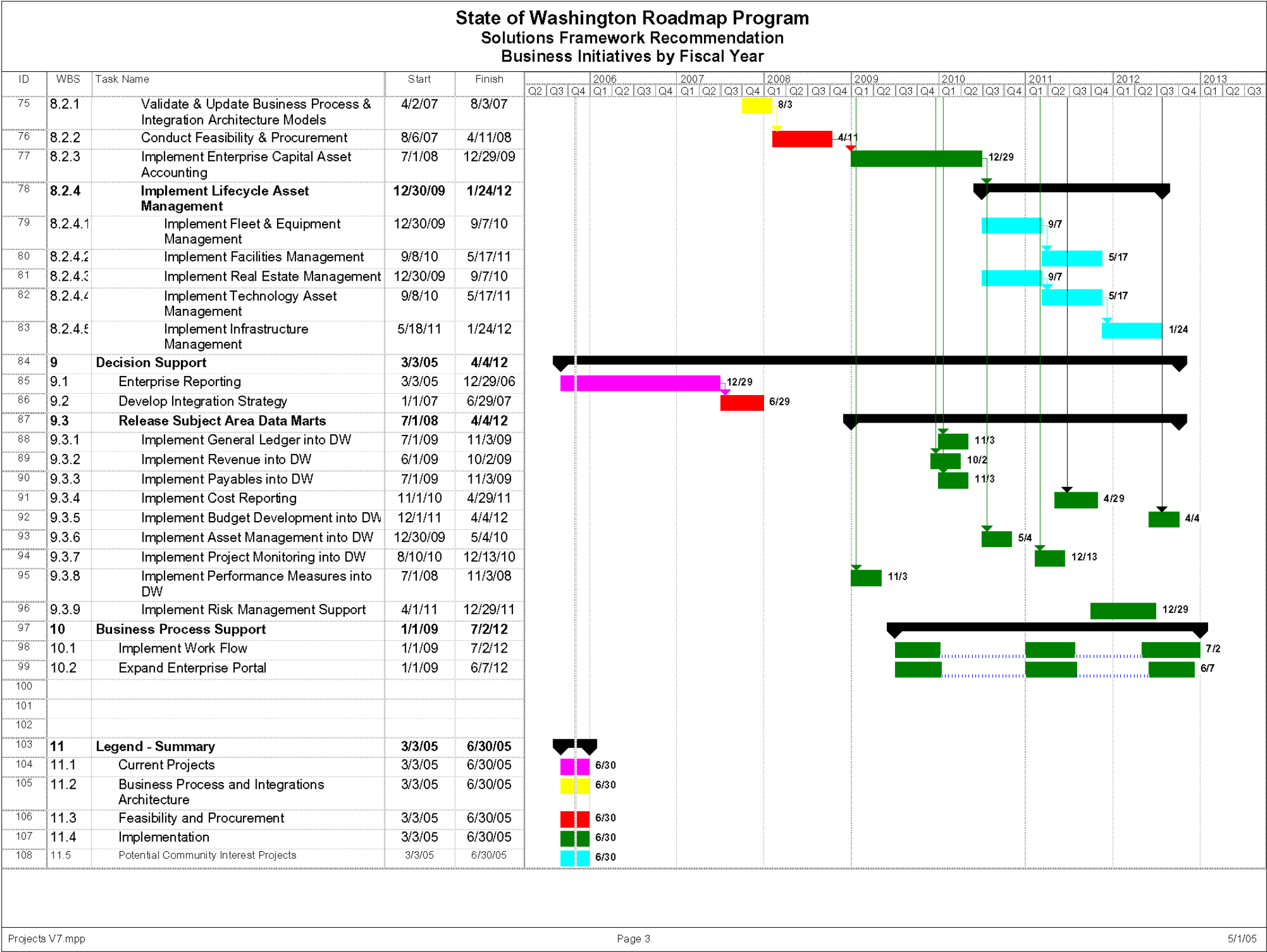


Exhibit IV-3: Roadmap Schedule (cont.)



VI. Enterprise Improvement Nationally



A. Research Findings

The *Roadmap* team contacted industry experts and officials in other states to learn from their experiences with enterprise initiatives. Following is a summary of these findings. The industry experts include those from Gartner, Inc. and Forrester Research. Information from other states was obtained through surveys and interviews described in Section V.B. The findings fall into four key areas:

- Establish strong governance.
- Focus on the business value.
- Get real.
- Start at the beginning.

These findings are described below:

1. Establish Strong Governance

The research indicates that governance is perhaps the most important success factor for projects. The findings include:

- **Start with a top-level commitment to a new business culture.** Successful enterprise efforts have had support from the governor, the legislature, and cabinet-level management to improve business processes. Further, a legislature is required to advocate for the program.
- **Establish an enterprise governance.** It is necessary to establish and maintain a strong governance structure. There needs to be a mechanism for policy decisions to be made expeditiously and to maintain management commitment. Enterprise-wide improvement programs require an enterprise partnership governance structure rather than individual agencies.
- **Give line agencies representation.** Enterprise solutions require agency buy-in from the beginning to a shared vision for new enterprise business processes. Agencies should be asked to commit their best resources to the program; they need representation so they will support the program and can ensure their business needs are met.

2. Focus on the Business Value

- **Manage as a business transformation project.** The benefits from enterprise initiatives come from fundamental improvements to business processes not just software implementation. This involves identifying the best practices that will be achieved.
- **Focus on achieving benefits.** The *Roadmap*'s emphasis on results is unique. In other states, success is often defined as completing a system implementation or process change, not as demonstrating results.

3. Get Real

Enterprise projects must be manageable, adequately scheduled and resourced, and account for organizational change.

- **Establish a realistic schedule and obtain adequate funding.** Sufficient time to do a project is necessary to have a well-planned implementation, meet expectations, and avoid cost overruns. An adequate budget is required to do the project correctly, ensure project continuity, maintain stakeholder confidence, and achieve expected results.
- **Do not try to swallow the whole ocean at once.** It is important to use an incremental approach when implementing initiatives so that the whole process is manageable.
- **Manage agencies' capacities for change.** It is critical to determine how much change can be accomplished how quickly.
- **Establish an effective organizational change management program.** Business transformation involves effective communications, involvement, and training.
- **Do not expect perfection on the first try.** It will be necessary to plan for subsequent releases of new processes and software to accommodate changes as the state learns from the implementation.

4. Start at the Beginning

There are some basic guides that should be followed, including:

- **Know your back-office business.** You need to know what you do and why. The precondition to any technology change is an understanding of business processes.
- **Get the core financials right first.** It is imperative to collect the right data before it can be used. A strategic chart of accounts and efficient core financial processing provide the foundation for the rest of the financial and administrative business processes.

- **Go with an ERP for core transaction processing.** The ERP vendors have made huge investments in determining industry best practices for capturing financial data and making it available for management of end-to-end back office business processes. It is not realistic to attempt to duplicate that functionality through development.. According to our Gartner analyst, ERP is the only product available at this time that is suitable for statewide general ledger management; every state that can afford to is implementing an ERP for its core back-office business processing.
- **Select the ERP that fits your business best.** This way it can be implemented with very few customizations and upgraded easily.
- **Minimize price in evaluations.** In selecting software and consultants for projects, it will reduce risk to obtain software that is the best fit with the state's business and consultants that have the right experience rather than going with the lowest bid. Problems with software (for example, extensive customizations) or vendors can cost the state much more in the end than would be saved initially.
- **ERP will probably not do it all.** It is necessary to have a good integration strategy for budgeting, enterprise reporting, and other specialized areas.
- **Take the time to understand the technology environment.** To get the full business value, all business systems need to work together.

B. Other State Interview Results

The *Roadmap* team sent surveys to and conducted interviews with seven states: Delaware, Iowa, Massachusetts, Nebraska, Pennsylvania, South Carolina, and Utah. Exhibit VI-1 summarizes the results of those surveys and interviews.

Exhibit VI-1: Other State Interview Results

	Delaware	Iowa	Massachusetts	Nebraska	Pennsylvania	South Carolina	Utah
Improvement Project	<ul style="list-style-type: none"> ERP & Legacy Extension. PeopleSoft HR (1998/99). Currently planning for implementation of PeopleSoft financials, procurement, and asset management beginning July 2008. Currently in Reengineering Phase. Also planning for HR upgrade; "French Vanilla" project to remove some of their original customizations. 	<ul style="list-style-type: none"> ERP. Upgraded CGI-AMS financials, budget, procurement, assets (10/02–6/04). Version upgrade planned for 7/05 to fix performance issues. Implementing AMS HR (6/04–10/05). 	<ul style="list-style-type: none"> ERP, and best-of-breed and legacy extensions. PeopleSoft HR (late 1990s). Upgraded to CGI-AMS financials 5/30/04; building AMS labor distribution outside HR. Legacy budget, asset management, Web-based procurement. Budget Bureau interfaces with AMS. Procurement system does not have interface. 	<ul style="list-style-type: none"> ERP and legacy extension. JD Edwards financials (9/01–3/03), procurement (6/03), HR (1/03–12/03). Still using legacy budget and agency asset systems. 	<ul style="list-style-type: none"> ERP. Implemented SAP budget, financials, procurement (7/02–7/03 in three agency group waves). Implemented SAP HR (1/04–1/05 in three functionality waves). 	<ul style="list-style-type: none"> ERP. Implemented SAP in one department as a pilot in 11/2002. Obtained funding for statewide implementation. First implementation wave for financial/budget will start in July 2005. HR implementations will start in July 2006. 	<ul style="list-style-type: none"> ERP, and best-of-breed and legacy extensions. Currently upgrading AMS (financials only). Requesting funding to implement AMS budget. Implemented SAP payroll in 2001–03; HR chose not to participate, so legacy HR interfaces to SAP payroll. State data warehouse brings data from financials and HR together for consolidated reporting.
Funding	<ul style="list-style-type: none"> To be determined. 	<ul style="list-style-type: none"> Appropriations from tobacco settlement and infrastructure funds. 	<ul style="list-style-type: none"> IT bonds bills through the IT projects office. 	<ul style="list-style-type: none"> Borrowed about half on a seven-year COP. Balance from existing funds. 	<ul style="list-style-type: none"> State appropriations. 	<ul style="list-style-type: none"> 25% state share funded through appropriations. 75% of implementation costs passed on to agencies, due on their go-live date. Agencies have the option to finance their share over five 	<ul style="list-style-type: none"> State appropriations.

	Delaware	Iowa	Massachusetts	Nebraska	Pennsylvania	South Carolina	Utah
						<p>years through a master lease program or pay from available funds.</p> <ul style="list-style-type: none"> Legislation proposed to allow agencies to save for implementation costs. These accounts would have full carry-forward authority and would be protected from midyear budget reductions. 	
Governance	<ul style="list-style-type: none"> Executive Committee: (Cabinet level, Director level, Controller General) meets monthly. Project Sponsors: (Director of Accounting and Director of Special Technology Projects) meets bi-weekly. Project Team: (ERP Module leads and members of IBM consulting firm) is involved in the day-to-day operations of the 	<ul style="list-style-type: none"> Project was led by IT. All internal service departments were consolidated into new Department of Administrative Services in July 2003 to "streamline state government services, improve services to customers, enhance resource flexibility and save money." 	<ul style="list-style-type: none"> Sponsored by appointed comptroller and IT, with steering committee of all control agencies. Involvement of key senior executives provided strategic advice and also resulted in buy-in to the process, system decisions, and schedule. Governor is shown at top of project organization 	<ul style="list-style-type: none"> Internal services have always been under one department. Originally had a CPA in charge of project, then an IT person. A 12-agency Executive Steering Committee was in place throughout the process to provide guidance and approve or deny activities and deliverables. For ongoing operations, the system is managed 	<ul style="list-style-type: none"> Had strong governor support. The Secretary of Administration led the project and chaired a Steering Committee of Deputies for budget, comptroller operations, procurement, HR, and two administration deputies for public welfare and corrections. This Steering Committee of Deputies set the strategy and 	<ul style="list-style-type: none"> Elected comptroller general partnered with state chief information officer. Oversight Committee provided senior executive, legislative, and agency management oversight (includes the governor). Certified project manager was provided by CIO. Decentralized internal service agencies; comptroller sets policy for finance; 	<ul style="list-style-type: none"> Financial upgrade project managed by the Department of Administrative Services (DAS). HR and IT are separate from DAS. New legislation will move HR into the DAS effective 7/2006 and consolidate state IT resources into a central IT agency.

	Delaware	Iowa	Massachusetts	Nebraska	Pennsylvania	South Carolina	Utah
	<p>project.</p> <ul style="list-style-type: none"> Decentralized internal service agencies. 		<p>chart.</p> <ul style="list-style-type: none"> Decentralized internal service agencies. 	centrally except policy issues go to each functional division.	<p>policy for implementing the project.</p> <ul style="list-style-type: none"> Also had a committee of agency administration deputies. Each agency named a project manager responsible for timely completion of tasks. 	Budget and Control Board sets policy for budget, HR, IT, procurement, and asset management.	
Governance Challenges	<ul style="list-style-type: none"> Decision Making: recommendations from the project team are not acted on as timely as expected by the project team. 	<ul style="list-style-type: none"> IT focused on system running, not on functionality of system to users. Large savings were expected from central agency consolidation but were not realized. 	<ul style="list-style-type: none"> Challenging to have a full Steering Committee group for every meeting. 	<ul style="list-style-type: none"> ERP support works fairly well with the ERP team co-located, but might be better with centralized policy management. 	<ul style="list-style-type: none"> Governor change mid-project caused temporary setback. 	<ul style="list-style-type: none"> No clear chain of command, but benefits far outweighed challenges as the project is approached as a true enterprise project rather than a single agency initiative. 	<ul style="list-style-type: none"> HR elected not to partner on SAP.
Primary Business Drivers	<ul style="list-style-type: none"> Old antiquated financial system statewide and within Department of Transportation. Need for a more integrated system that would provide more data integration and reporting capabilities. 	<ul style="list-style-type: none"> Better information and integration. Reporting available from common portal. 	<ul style="list-style-type: none"> Maintenance support for outdated system was ending. Desire for a more user-friendly, flexible system and reporting. 	<ul style="list-style-type: none"> Online real-time data with audit trail. 	<ul style="list-style-type: none"> The adoption of best business practices. Ready access to real-time data for making better informed business decisions. Improved infrastructure from which to deliver electronic government 	<ul style="list-style-type: none"> The potential for process efficiencies through standardizing and optimizing business processes. Potential process savings compared to the cost of ready access to information. 	<ul style="list-style-type: none"> For finance project, end of vendor support for AMS system.

	Delaware	Iowa	Massachusetts	Nebraska	Pennsylvania	South Carolina	Utah
					<p>services.</p> <ul style="list-style-type: none"> Increased opportunities for employees to enhance service delivery. Tremendous potential for delivering improved service to internal and external customers. Make PA more attractive for economic development by making state government operations run more effectively. 		
Key Project Risks	<ul style="list-style-type: none"> To be determined. 	<ul style="list-style-type: none"> Non-use of the system by agencies (some agencies had invested in shadow systems and will probably keep them). 	<ul style="list-style-type: none"> New Web technology. Low agency resources. Training 3,000 users for the “Big Bang” implementation. 	<ul style="list-style-type: none"> Rigid project schedule/budget (state staff worked long hours to fill gap). 	<ul style="list-style-type: none"> Administration change mid-project. Largest state to implement an ERP initiative of this scope. 	<ul style="list-style-type: none"> Currently finalizing risk management plan. 	<ul style="list-style-type: none"> Payroll not getting employees paid on time and paid correctly. Utah delayed implementation date twice until they were satisfied with test results.
Do Agencies Pay Fees to Support System Operations?	<ul style="list-style-type: none"> No. 	<ul style="list-style-type: none"> Partial; Customer Council is in the process of establishing fee schedule for FY07 budget. FY05 and FY06 support was a 	<ul style="list-style-type: none"> Yes; transaction-based fee. Challenging to deliver perceived value for fees. Difficult to fund upgrades 	<ul style="list-style-type: none"> Yes; agencies pay three fees into an ERP revolving fund: debt service, annual support, new system fee. HR system is state funded. 	<ul style="list-style-type: none"> No. 	<ul style="list-style-type: none"> No; support costs are funded centrally through appropriations because: <ul style="list-style-type: none"> ERP will be maintained by central staff. Costs can be 	<ul style="list-style-type: none"> No.

	Delaware	Iowa	Massachusetts	Nebraska	Pennsylvania	South Carolina	Utah
		<p>mixture of billings and appropriations.</p> <ul style="list-style-type: none"> Fees must be approved by the Customer Council. 	<p>because fees are credited to operating accounts; unspent money reverts to the general fund.</p>	<ul style="list-style-type: none"> Fees are also paid for procurement system. Initially charged same fees as for old system to minimize agency budget impact; now updating fees with cost drivers from new system. 		<p>evaluated/controlled better centrally.</p> <ul style="list-style-type: none"> Leverage is gained in resolving performance/contract problems. Internal administrative costs can be minimized. Accountability to the Legislature can be enhanced. 	
Advice for Washington	<ul style="list-style-type: none"> Hire consultant. Don't use 'deliverables' as the performance measure/success indicator; ensure they have experience in your chosen software. Don't let the consultant build your project plan for you, develop your own. Visit other states. Drill down agency by agency; identify what they do, not necessarily 	<ul style="list-style-type: none"> Executive leadership must be on board. Be straightforward with agencies about the need for business process change. Must be sufficient state staff to make it work. 	<ul style="list-style-type: none"> Do as much homework as possible. Take a serious look at AMS; it is designed for government. 	<ul style="list-style-type: none"> Do not go live before you're ready, and do larger agencies first (they moved everyone at once). Keep effective working relationship with the Auditor's Office (had to backtrack on some process improvements because the Auditor's Office did not buy in). 	<ul style="list-style-type: none"> Strong partnership between central service agencies is critical. Design common, enterprise business processes before selecting software. Put best business people on the project. 	<ul style="list-style-type: none"> Change management is critical. 	<ul style="list-style-type: none"> Hold off-site workshops to develop new business processes. Focus on getting it right rather than keeping on schedule.

	Delaware	Iowa	Massachusetts	Nebraska	Pennsylvania	South Carolina	Utah
	<p>how they do it.</p> <ul style="list-style-type: none"> • Verify chosen software can handle the processes. • Educate project team on ERPs. • Give the project team plenty of time and training to become familiar with the chosen software. • Find a champion among the decision makers, (cabinet level, legislators, etc.). 						

C. Technology “State of the Practice”

This subsection presents the pros and cons of three approaches to financial and administrative software: ERP, best of breed, and legacy extension. The information was collected from industry research and research with other states. Below is a summary of findings. Appendix E lists the pros and cons of each.

1. ERP

ERP software is commercial applications that support a wide range of functions including financial management, general ledger, payables and revenue accounting, human resources, supply chain management, procurement, budgeting, data management, financial consolidation, and reporting (standardized and ad hoc). ERP is distinguished by its integrated nature in that data for all of the core functions is driven from a common database and the solution can be scaled up or down depending upon an organization’s size and complexity. All states interviewed as part of our research had selected ERP for core transaction processing functions (general ledger, accounts payable, and accounts receivable). Some were using it for the other functions as well.

Among the reasons for selecting ERP software are implementing a truly integrated family of software across business cycles; implementing best practices built into the software; providing timely, consolidated information; and simplifying staff support by having multiple functions in the same technical environment. The negatives of ERP are high upfront investment costs and significant organizational change management requirements. It also has a higher risk for implementation.

2. Best of Breed

Best-of-breed software is commercial applications that support a specific function. Our research shows that best-of-breed software is more commonly used for specialized functions such as budgeting, fleet management, facilities management, and sometimes e-procurement.

A key benefit of best-of-breed software is that it is precisely tailored to support specific functionalities and best practices, often in a more rigorous way than ERP. In terms of negatives, best-of-breed software lacks integration between functions, business silos are perpetuated, and data must be passed between systems. This increases the chance of error, inconsistent data definitions, and incompatible processes. In addition, support costs may be high because of complex maintenance and integration requirements.

3. Legacy Extension

Legacy extension is where existing software applications are enhanced to add functionality, improve user interfaces, or improve performance. Legacy extension has

typically been used where improvements are more modest or where an organization has determined the cost and risk of a new system outweigh the cost and risk of extending existing systems. Legacy extension avoids disruptions of current business activities and requires less change management. It has the lowest implementation risk. On the other hand, legacy extension could have the highest total cost of ownership over the life of the system because of high maintenance costs. It may be difficult to make changes to the software to accommodate new policy. There may be a proliferation of shadow systems when the legacy system fails to meet agency needs. It can limit the ability of the organization to streamline processes and achieve future outcomes. Furthermore, legacy-extended software can typically only support a fraction of the best practices of commercial ERP or best-of-breed software.

4. Conclusions

Our research has shown the ERP systems are the preferred approach for core transaction processing, in particular for financials. ERP vendors have made huge investments in determining industry best practices for capturing financial data and making it available for management of end-to-end back-office business processes. It is not realistic to attempt to duplicate that functionality through development. According to our Gartner analyst, every state that can is implementing an ERP for its core back-office business processing. We did not find any states that had recently implemented best-of-breed software for core financials. Best-of-breed software may be used for specific areas such as budgeting and fleet management, although ERP software also should be evaluated to support these functions because of the potential to have more seamless integrations between the modules. Washington is likely to have a mix of ERP, best-of-breed, and legacy systems. Consequently, it is important to have a sound architectural integration strategy to facilitate efficient data exchange.

Appendix A: Common Business Problems and Opportunities Reference



The following table maps requirements from the Common Business Problems and Opportunity document to the *Roadmap* business initiatives that address them.

Exhibit A-1: Common Business Problems and Opportunities Reference

Maps Requirements from the Common Business Problems and Opportunities Document to the Nine Roadmap Business Initiatives									
	1. Foundation Initiatives	2. Business Process Support	3. Decision Support	4. Enterprise Financial Management	5. Treasury Integration	6. Supply Chain Integration	7. Management Accounting	8. Asset Management	9. Performance Management and Budgeting
A. Procure-to-pay cycle									
A1. Optimize purchasing power									
<ul style="list-style-type: none"> Standardize and improve procurement policy 	√					√			
<ul style="list-style-type: none"> Standardize and improve procurement processes 	√					√			
<ul style="list-style-type: none"> Standardize and improve procurement information 						√			
A2. Put cash in the bank, not on the shelf									
<ul style="list-style-type: none"> Reduce inventory storage locations 						√			
<ul style="list-style-type: none"> Implement standard commodity codes 						√			
<ul style="list-style-type: none"> Provide standard inventory reporting and analysis tools 						√			
<ul style="list-style-type: none"> Provide tools for modern inventory management at the warehouse locations 						√			
<ul style="list-style-type: none"> Implement standard vendor numbers 				√		√			

Maps Requirements from the Common Business Problems and Opportunities Document to the Nine <i>Roadmap</i> Business Initiatives									
	9. Performance Management and Budgeting	8. Asset Management	7. Management Accounting	6. Supply Chain Integration	5. Treasury Integration	4. Enterprise Financial Management	3. Decision Support	2. Business Process Support	1. Foundation Initiatives
A3. Streamline procure-to-pay cycle: a more economic government									
<ul style="list-style-type: none"> Consolidate ordering process for general stores and the Printer (and other internal purchases or services) 				√					
<ul style="list-style-type: none"> Provide for paperless ordering 				√				√	
<ul style="list-style-type: none"> Coordinate procurement policies from multiple agencies 				√					
<ul style="list-style-type: none"> Provide process for internet purchases 				√					
<ul style="list-style-type: none"> Integrate procurement processes & systems with payment, contracts, & inventory 				√		√			
<ul style="list-style-type: none"> Provide tools for modern inventory management at the warehouse locations 				√					
<ul style="list-style-type: none"> Track purchasing performance metrics 				√					
<ul style="list-style-type: none"> Improve p-card usage and guidelines. 						√			√
<ul style="list-style-type: none"> Provide visibility on state and agency contracts for "best buys" 				√					
<ul style="list-style-type: none"> Integrate inventory processes & systems with payment, contracts, & procurement 				√		√			
<ul style="list-style-type: none"> Implement standard payable processes 						√			√

Maps Requirements from the Common Business Problems and Opportunities Document to the Nine <i>Roadmap</i> Business Initiatives									
	9. Performance Management and Budgeting	8. Asset Management	7. Management Accounting	6. Supply Chain Integration	5. Treasury Integration	4. Enterprise Financial Management	3. Decision Support	2. Business Process Support	1. Foundation Initiatives
• Update payment approval policy & processes						√			√
• Travel policies & procedures						√			√
• Provide processes and tools for streamlined interagency payments						√			√
• Implement document routing process/systems to manage approvals for different product and price scenarios						√		√	
• Provide AP balances for commitment to vendors (goods or services received but not paid)						√			
• Provide ability to allocate AP costs to programs						√			
• Improve current and historical payable information and access to it						√			
• Provide automated processes for recording p-card expenditures						√			
• Provide processes and tools to simplify local fund payments					√				√
• Standardize & integrate contract management				√					√
• Provide standardized process for statewide contract reporting				√					√

Maps Requirements from the Common Business Problems and Opportunities Document to the Nine <i>Roadmap</i> Business Initiatives									
	9. Performance Management and Budgeting	8. Asset Management	7. Management Accounting	6. Supply Chain Integration	5. Treasury Integration	4. Enterprise Financial Management	3. Decision Support	2. Business Process Support	1. Foundation Initiatives
• Provide tools for managing contracts				√					
• Link contract management with GS procurement and payments.				√					
• Provide centralized vendor management				√		√			
• Provide vendor self service registration				√		√		√	
B. Reporting/general ledger									
B1. Organize data to support all perspectives (chart of accounts)									
• Update chart of accounts to reflect POG and performance management information needs (as well as others)						√			√
• Create a flexible/changeable chart of accounts						√			√
• Provide statewide and agency chart of account components						√			√
• Provide standards for account code definition and usage between agencies where enterprise reporting is required						√			√
• Provide access and security for agencies to update chart of accounts (for elements open to the agency)						√			
• Provide standard elements for legal reporting (1099)						√			√

Maps Requirements from the Common Business Problems and Opportunities Document to the Nine <i>Roadmap</i> Business Initiatives									
	1. Foundation Initiatives	2. Business Process Support	3. Decision Support	4. Enterprise Financial Management	5. Treasury Integration	6. Supply Chain Integration	7. Management Accounting	8. Asset Management	9. Performance Management and Budgeting
• Include fund view (across agency) for agencies managing multiple agency funds	√			√					
• Provide accounts needed to prepare the CAFR (non-cash activity, liabilities)	√			√					
• Align the chart of accounts to budget requirements for consistent reporting (account by activity)	√			√					
• Provide balance between governmental accounting and business operations (equipment revolving, product sales)	√			√					
• Improve integration between internal systems and statewide accounting systems (reduce reconciliation effort)	√			√					
• Provide a flexible month end costing for agencies needing earlier financial reports				√					
• Provide for earlier posting of second half payroll				√					
• Update policies and process for accounting in "back office" systems that feed data to the GL.	√			√					
• Provide common access to "enterprise" data		√							
• Provide periodic and on demand financial statements				√					

Maps Requirements from the Common Business Problems and Opportunities Document to the Nine <i>Roadmap</i> Business Initiatives									
	1. Foundation Initiatives	2. Business Process Support	3. Decision Support	4. Enterprise Financial Management	5. Treasury Integration	6. Supply Chain Integration	7. Management Accounting	8. Asset Management	9. Performance Management and Budgeting
• Provide ability for agencies to prepare fiscal year CAFR on a timely basis				√					
• Provide ability to track long term payables				√					
• Provide processes to support investment tracking and amortization	√			√					
B2. Improve access to information (reporting tools)									
• Provide a flexible financial systems to eliminate or reduce agency specific systems				√					
• Structure the system so that GAAP financial reports can be easily produced				√					
• Provide data from multiple sources in a common structure so that it can be combined for strategic Policy decisions (financial, personnel, project, travel)			√						
• Provide the ability to combine financial information with statistical information (such and energy cost and usage, sales per square foot).			√						
• Provide a common source and common tools for management reporting			√						

Maps Requirements from the Common Business Problems and Opportunities Document to the Nine <i>Roadmap</i> Business Initiatives									
	9. Performance Management and Budgeting	8. Asset Management	7. Management Accounting	6. Supply Chain Integration	5. Treasury Integration	4. Enterprise Financial Management	3. Decision Support	2. Business Process Support	1. Foundation Initiatives
• Create flexible reports and inquiries focused on management budget information							√		
• Provide easy management access to data							√		
• Provide timely management information							√		
• Provide capability to share reports and information electronically (email, Web)							√	√	
• Provide common reporting tools (or a suite address the reporting needs of casual users plus the complex needs of power users)							√		
• Provide flexible query and reporting capabilities to support information request from Legislature, LEAP and stakeholders							√		
• Provide consistent data definitions, procedures, and training to accommodate a changing work force							√		√
• Provide the ability to produce pro forma financial statements for forecasting purposes						√			
• Provide drill down capability to display the transactions supporting an account balance							√		

Maps Requirements from the Common Business Problems and Opportunities Document to the Nine <i>Roadmap</i> Business Initiatives									
	9. Performance Management and Budgeting	8. Asset Management	7. Management Accounting	6. Supply Chain Integration	5. Treasury Integration	4. Enterprise Financial Management	3. Decision Support	2. Business Process Support	1. Foundation Initiatives
• Provide profit analysis by agency selected criteria							√		
• Provide access to financial data for a variety of timeframes							√		
• Provide online access to accounts receivable subsidiary detail						√			
• Provide online access to accounts payable subsidiary detail						√			
• Provide monthly budget to actual comparisons						√			
C. Cost accounting cycle									
C1. Enable data-driven decisions (cost accounting)									
• Provide flexible cost allocation tools and methods			√						
• Provide for consistent methods for collecting and classifying cost data for legislative and other reporting			√						√
• Provide an efficient method for collecting workload statistics			√						
• Integrate workload statistics with costs			√						
• Provide workload statistics on a current basis			√						

Maps Requirements from the Common Business Problems and Opportunities Document to the Nine <i>Roadmap</i> Business Initiatives									
	1. Foundation Initiatives	2. Business Process Support	3. Decision Support	4. Enterprise Financial Management	5. Treasury Integration	6. Supply Chain Integration	7. Management Accounting	8. Asset Management	9. Performance Management and Budgeting
• Get data for workforce statistics from natural source such as HRMS							√		
• Provide flexible methods for allocation of overhead costs							√		
• Provide agency flexibility for defining cost drivers for allocating costs and performing analysis							√		
• Provide a link between budgeted and actual expenditures and revenue to the agency's stated mission and its program goals and objectives							√		
• Provide cost accounting to support POG and to determine the cost of government services							√		
• Provide modeling capability to project the impacts of allocated costs			√						
C2. Protect federal and local funding									
• Provide grant reporting for other periods than the state fiscal year (such as federal fiscal year)							√		
• Track grant sub recipients and payment agreements							√		
• Track grant awards to sub recipients							√		

Maps Requirements from the Common Business Problems and Opportunities Document to the Nine <i>Roadmap</i> Business Initiatives									
	9. Performance Management and Budgeting	8. Asset Management	7. Management Accounting	6. Supply Chain Integration	5. Treasury Integration	4. Enterprise Financial Management	3. Decision Support	2. Business Process Support	1. Foundation Initiatives
• Produce grant compliance reports			√						
• Integrate grant accounting with other financial processes - AP, AR, GL			√						
• Provide consistent methods for allocating costs to grants			√						
• Provide standard grant management and reporting			√						
• Provide regulatory reporting			√						
• Support multi year grants			√						
• Support the full life cycle of grant awards			√						
• Provide consistent processes for recording and tracking grant reimbursements			√						√
• Provide multi-year budgeting for grant disbursements			√						
• Support CMIA			√						
• Provide an integrated capital project management system linking GA public works contracts, expenditures, agency project management notes, and project phase internal allotments.							√		√

Maps Requirements from the Common Business Problems and Opportunities Document to the Nine <i>Roadmap</i> Business Initiatives									
	1. Foundation Initiatives	2. Business Process Support	3. Decision Support	4. Enterprise Financial Management	5. Treasury Integration	6. Supply Chain Integration	7. Management Accounting	8. Asset Management	9. Performance Management and Budgeting
D. Invoice-to-cash cycle									
D1. Make it easy for customers to pay				√					
• Assign common customer numbers				√					
• Provide a central record of customers				√					
• Standardize the invoice recipients to reduce the turnaround time for outstanding AR	√			√					
• Provide central policies, support, and processes for AR	√			√					
• Provide common collection expertise				√					
• Develop statewide guidelines and policies for collection of outstanding receivables	√			√					
• Consolidate invoices where possible				√					
• Provide common collection tools				√					
• Provide central policies, support, and processes for revenue collections	√			√					
• Provide common electronic payment processes and tools				√					
• Update policies for electronic collections				√					
D2. Increase investment revenues			√		O				

Maps Requirements from the Common Business Problems and Opportunities Document to the Nine <i>Roadmap</i> Business Initiatives									
	9. Performance Management and Budgeting	8. Asset Management	7. Management Accounting	6. Supply Chain Integration	5. Treasury Integration	4. Enterprise Financial Management	3. Decision Support	2. Business Process Support	1. Foundation Initiatives
D3. Streamline invoice-to-cash cycle									
<ul style="list-style-type: none"> Record agency receivables from decentralized billing systems in a timely manner 						√			
<ul style="list-style-type: none"> Provide terms for tracking and receipting long term loans and annuity agreements 						√			
<ul style="list-style-type: none"> Generate customer invoices from financial data for cost of service billing 						√			
<ul style="list-style-type: none"> Facilitate effective interagency billing and payments 						√			
<ul style="list-style-type: none"> Support management and accounting for NSF checks 						√			
<ul style="list-style-type: none"> Provide an allocation method to distribute revenues 						√			
<ul style="list-style-type: none"> Provide ability to bill and collect on local contracts, federal pass-thru, and interagency agreements 						√			
<ul style="list-style-type: none"> Provide standard scanable (or bar coded) invoice formats to facilitate the matching of receipts to outstanding invoices. 						√			
<ul style="list-style-type: none"> Provide tools to account for international receipts 						√			

Maps Requirements from the Common Business Problems and Opportunities Document to the Nine <i>Roadmap</i> Business Initiatives									
	1. Foundation Initiatives	2. Business Process Support	3. Decision Support	4. Enterprise Financial Management	5. Treasury Integration	6. Supply Chain Integration	7. Management Accounting	8. Asset Management	9. Performance Management and Budgeting
• Provide cross agency revenue reporting				√					
• Provide the ability to collect metrics for monitoring performance measures related to receivables and collections (days outstanding, write-offs, etc.)				√					
• Support revenue refunds				√					
• Support reconciliation and accounting for local funds					√				
• Provide process for notifying agencies of wire transfers					√				
E. Budgeting cycle									
E1. Streamline and integrate budgeting cycle									
• Determine what supporting detail is essential to analyzing and approving agency budget requests	√								√
• Provide clear processes and procedures for developing budgets and allotments	√								√
• Create a budget process that supports the entire budget cycle (including central and agency phases)	√								√
• Simplify the process of transferring data between agency, OFM, and Legislative steps of the budget process									√

Maps Requirements from the Common Business Problems and Opportunities Document to the Nine <i>Roadmap</i> Business Initiatives									
	1. Foundation Initiatives	2. Business Process Support	3. Decision Support	4. Enterprise Financial Management	5. Treasury Integration	6. Supply Chain Integration	7. Management Accounting	8. Asset Management	9. Performance Management and Budgeting
<ul style="list-style-type: none"> Share legislative, OFM, and agency versions of the budget (with security restrictions on confidential data) 	√								√
<ul style="list-style-type: none"> Provide an interactive question and answer process with logical branches based on responses for completing budget forms 									√
<ul style="list-style-type: none"> Integrate capital budgeting with capital project management and asset management 	√								√
<ul style="list-style-type: none"> Provide a common database with restricted access for analyzing budget scenarios 	√		√						√
<ul style="list-style-type: none"> Integrate budget process with external tools including Excel and Word 									√
<ul style="list-style-type: none"> Integrate tools for labor negotiations and collective bargaining with HR/payroll and budget development 									√
<ul style="list-style-type: none"> Provide common analytical and cost allocation tools to support budget development 			√						√
<ul style="list-style-type: none"> Provide common analytical and cost allocation tools to support allotment development 			√						√

Maps Requirements from the Common Business Problems and Opportunities Document to the Nine <i>Roadmap</i> Business Initiatives									
	1. Foundation Initiatives	2. Business Process Support	3. Decision Support	4. Enterprise Financial Management	5. Treasury Integration	6. Supply Chain Integration	7. Management Accounting	8. Asset Management	9. Performance Management and Budgeting
• Provide common analytical and cost allocation tools to support fiscal note development									√
• Provide common analytical and cost allocation tools to support financial analysis			√						√
• Provide access to historical financial information to support the budget analysis and projections			√						√
• Provide common analytical and cost allocation tools to support budget development			√						
• Provide a flexible model for collective bargaining impact analysis			√						√
• Provide analytical tools for forecasting and projections			√						
E2. Empower managers with tools to aid decision making (measuring performance results)									
• Align financial reports with performance measures to evaluate whether money is being spent effectively			√						
• Align budget analysis tools with cost of service, performance predictors, and performance gaps			√						

Maps Requirements from the Common Business Problems and Opportunities Document to the Nine <i>Roadmap</i> Business Initiatives									
	9. Performance Management and Budgeting	8. Asset Management	7. Management Accounting	6. Supply Chain Integration	5. Treasury Integration	4. Enterprise Financial Management	3. Decision Support	2. Business Process Support	1. Foundation Initiatives
• Integrate performance measures with agency management processes				√			√		
• Integrate performance measures with strategic business information, cost of service and non-financial measures				√			√		
• Provide a relationship between activity inventories (POG) money spent, and results	√			√					
• Provide standard report templates that can be modified to meet specific reporting needs							√		
• Provide ability to share reporting information via e-mail or Web							√	√	
• Provide graphical reporting capability for producing bar charts etc.							√		
• Provide the ability to produce reports in formats specified by external entities (such as Federal grantor agencies) from core financial information							√		
• Provide analytical tools that provide what if scenarios							√		

Maps Requirements from the Common Business Problems and Opportunities Document to the Nine <i>Roadmap</i> Business Initiatives									
	1. Foundation Initiatives	2. Business Process Support	3. Decision Support	4. Enterprise Financial Management	5. Treasury Integration	6. Supply Chain Integration	7. Management Accounting	8. Asset Management	9. Performance Management and Budgeting
E3. Provide flexibility for innovative budgeting									
<ul style="list-style-type: none"> Provide a flexible coding structure that will support new initiatives while maintaining the historical integrity of the financial data (such as using attributes to provide flexible classifications for data) 	√			√					√
<ul style="list-style-type: none"> Implement a system that will provide flexibility in the budgeting process 									√
F. Capital management cycle									
F1. Maximize return on capital assets									
<ul style="list-style-type: none"> Integrate capital asset management with procurement and payment processes 				√		√		√	
<ul style="list-style-type: none"> Provide the ability to track the total ownership costs of assets 								√	
<ul style="list-style-type: none"> Provide history on asset repairs and condition to optimize decisions on repair, replacement, or disposal 								√	
<ul style="list-style-type: none"> Provide analytical tools to report the impact of deferred maintenance 								√	
<ul style="list-style-type: none"> Project lifecycle costs for capital improvements to identify ongoing maintenance and operating costs for future budgets 								√	

Maps Requirements from the Common Business Problems and Opportunities Document to the Nine <i>Roadmap</i> Business Initiatives									
	1. Foundation Initiatives	2. Business Process Support	3. Decision Support	4. Enterprise Financial Management	5. Treasury Integration	6. Supply Chain Integration	7. Management Accounting	8. Asset Management	9. Performance Management and Budgeting
<ul style="list-style-type: none"> Provide analysis of actual lifecycle costs relative to materials and design used during construction 								√	
<ul style="list-style-type: none"> Provide analysis of building design relative to staff productivity 								√	
<ul style="list-style-type: none"> Track energy and utility costs for a facility 								√	
<ul style="list-style-type: none"> Allocate labor charges and purchase and maintenance costs to specific assets or facilities 	√						√	√	
<ul style="list-style-type: none"> Relate asset information to the financial productivity of an organization (lease vs. buy) 								√	
<ul style="list-style-type: none"> Provide management of leased assets, shared facilities, and financing agreements (COPS) 								√	
<ul style="list-style-type: none"> Integrate capital asset management for construction projects with financial, project management, funding, and federal billing 							√	√	
<ul style="list-style-type: none"> Provide tools for infrastructure accounting 								√	
<ul style="list-style-type: none"> Develop policies to allow for flexible, innovative financing strategies for asset management 								√	
<ul style="list-style-type: none"> Integrate capital budgeting, capital project management, and asset management 								√	√

Maps Requirements from the Common Business Problems and Opportunities Document to the Nine <i>Roadmap</i> Business Initiatives									
	1. Foundation Initiatives	2. Business Process Support	3. Decision Support	4. Enterprise Financial Management	5. Treasury Integration	6. Supply Chain Integration	7. Management Accounting	8. Asset Management	9. Performance Management and Budgeting
<ul style="list-style-type: none"> Provide multi-year budgeting capital plans, priorities, and project prioritization 	√							√	√
<ul style="list-style-type: none"> Provide tools to meet budget, accounting and reporting requirements for multi-year Public Works Contracts 								√	
<ul style="list-style-type: none"> Provide decision support tools for legislature analysis 			√					√	
<ul style="list-style-type: none"> Provide query capabilities for current and historical data 			√					√	
<ul style="list-style-type: none"> Provide the ability to present capital project information on the Web 		√	√					√	
<ul style="list-style-type: none"> Provide an integrated capital project management system linking GA public works contracts, expenditures, agency project manager notes, and project phase internal allotments 								√	
F2. Improve accountability for assets									
<ul style="list-style-type: none"> Provide a method to record major improvements to existing assets 				√				√	
<ul style="list-style-type: none"> Provide an automated link to identify new assets that need to be added to inventory 				√				√	
<ul style="list-style-type: none"> Provide consistent depreciation methods with flexibility depending on asset type 								√	

Maps Requirements from the Common Business Problems and Opportunities Document to the Nine <i>Roadmap</i> Business Initiatives									
	9. Performance Management and Budgeting	8. Asset Management	7. Management Accounting	6. Supply Chain Integration	5. Treasury Integration	4. Enterprise Financial Management	3. Decision Support	2. Business Process Support	1. Foundation Initiatives
• Track asset information in assets purchased with grant funds		√							
• Integrate purchasing and payables with the asset process		√		√		√			
• Provide asset information to support CAFR preparation		√				√			
• Track assets that fall below the depreciation threshold for control purposes (computers radios, cell phones, cameras)		√							
• Provide online updates for asset transfers to new locations		√						√	
• Implement bar code technology for physical asset inventories		√							
• Track Software licenses, warranty information, maintenance agreements/renewals for selected assets		√							

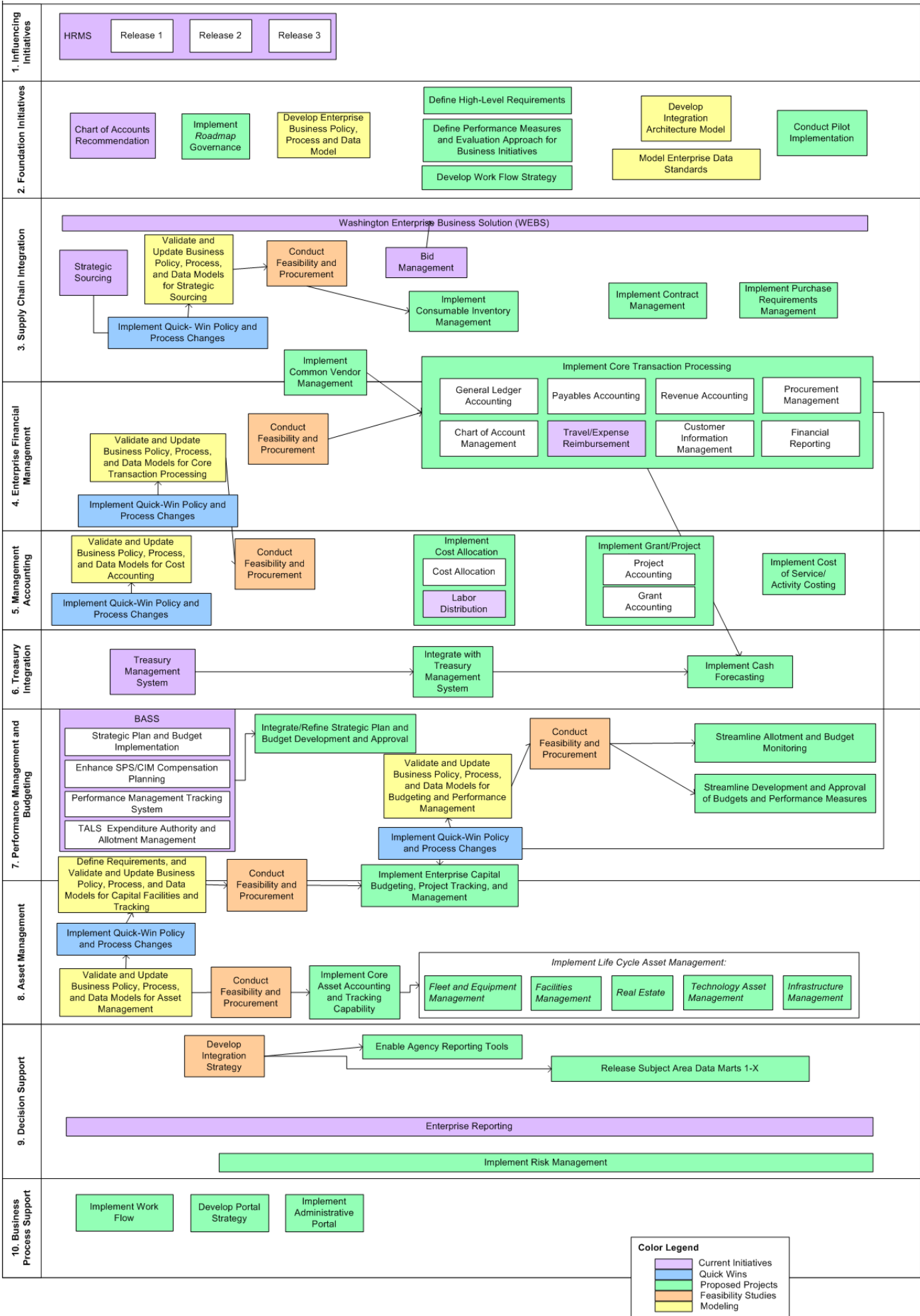
Appendix B: “Straw Man” Business Initiatives Chart



This chart is a working paper created during the Business Initiative Planning work sessions. It depicts the business initiatives and projects as originally proposed, before they were aligned with the levels of the *Roadmap* triangle, and sequenced over a timeline.

Exhibit B-1: “Straw Man” Business Initiatives

This is a working paper used for initial business initiative planning. **The placement of projects on this chart does not signify a timeline.**



Appendix C: Issues Requirements Reference



The following table maps requirements from the Listing of Policy, Process, System/Data and Organizational Issues for the *Roadmap* to the *Roadmap* business initiatives that address them

Exhibit C-1: Issue Requirements

Maps Issues from the Listing of Policy, Process, System/Data and Organizational Issues for the Roadmap to the Nine Business Initiatives										
Issue Number	Issue Title	1. Foundation Initiatives	2. Business Process Support	3. Decision Support	4. Enterprise Financial Management	5. Treasury Integration	6. Supply Chain Integration	7. Management Accounting	8. Asset Management	9. Performance Management and Budgeting
I003	Provide procurement tools to support sustainability programs						√			
I006	Track amounts owed to vendor(s) for agency queries				√					
I010	Link financial data with non-financial performance measures									√
I011	Provide a chart of accounts that supports both statewide and agency needs	√			√					
I014	Provide tools to support agency business operations (revolving funds, product sales)				√					
I015	Provide decision support tools.			√						
I016	Provide cost analysis tools							√		
I018	Provide flexible allocation tools							√		
I023	Support receipt of electronic payments				√					
I027	Provide cash forecasting tools					√				
I034	Support local fund processes					√				
I037	Implement budgeting tools that support POG and incremental budgeting methods									√

Maps Issues from the Listing of Policy, Process, System/Data and Organizational Issues for the Roadmap to the Nine Business Initiatives										
Issue Number	Issue Title	1. Foundation Initiatives	2. Business Process Support	3. Decision Support	4. Enterprise Financial Management	5. Treasury Integration	6. Supply Chain Integration	7. Management Accounting	8. Asset Management	9. Performance Management and Budgeting
I045	Provide tools to support transition to paperless business processes		√							
I046	Provide tools and processes for allocating p-card payments to the correct account codes				√					
I051	Support complex revenue distributions				√					
I056	Support preparation of the annual inventory of facilities and land								√	
I057	Improve life cycle management and accountability for capital projects								√	
I058	Provide tools that improve accountability for capital assets								√	
I059	Implement contemporary consumable inventory practices						√			
I065	Identify and track multiple complex funding sources for capital projects								√	
I066	Correctly calculate depreciation for various asset scenarios such as renovations and asset improvements								√	
I070	Link financial data with non-financial performance measures									√
I077	Provide tools for managing investments and long term debt				√					
I080	Categorize assets so the correct GASB or Federal reporting requirements can be applied as appropriate to each group								√	
I081	Support multiple reporting perspectives for each asset such as GASB, financial				√				√	

Maps Issues from the Listing of Policy, Process, System/Data and Organizational Issues for the Roadmap to the Nine Business Initiatives										
Issue Number	Issue Title	1. Foundation Initiatives	2. Business Process Support	3. Decision Support	4. Enterprise Financial Management	5. Treasury Integration	6. Supply Chain Integration	7. Management Accounting	8. Asset Management	9. Performance Management and Budgeting
	and accountability, life cycle									
I083	Provide information to support innovative space planning								√	
I085	Comply with specific and unique grant reporting requirements							√		
I086	Support WSDOT work order costing, allocation, and billing requirements							√		
I089	Provide visibility to state and agency contracts, and best buys						√			
I100	Share legislative, OFM, and agency versions of the budget (with security restrictions on confidential data)									√
I101	Link operating and capital budgets with strategic plans									√
I102	Provide interaction between specific agency systems including WSDOT and Higher Education	√								
I105	Provide multiple fiscal period capability				√					
I106	Provide a flexible chart of accounts that can change to implement emerging budget practices	√			√					
I127	Link chart of accounts to agency objectives	√			√					

Appendix D: Project Risks



The following table identifies the risks likely to be encountered for each of the nine *Roadmap* business initiatives.

Exhibit D-1: Project Risks – Maps a Generic List of Project Risks to the Nine *Roadmap* Business Initiatives

Project Risk	1. Foundation Initiatives	2. Business Process Support	3. Decision Support	4. Enterprise Financial Management	5. Treasury Integration	6. Supply Chain Integration	7. Management Accounting	8. Asset Management	9. Performance Management and Budgeting
Lack of effective government structure	√	√	√	√	√	√	√	√	√
Lack of project support, focus, discipline, and resources	√	√	√	√	√	√	√	√	√
Policy issues not resolved		√	√	√		√	√	√	√
Lack of stakeholder buy-in				√	√	√	√	√	√
Lack of understanding of project success factors	√	√	√	√	√	√	√	√	√
Lack of understanding of the impact of change				√		√	√	√	√
Unrealistic expectations	√	√	√	√	√	√	√	√	√
Lack of successful experience in all aspects of enterprise implementations				√		√	√	√	√
Large scope	√			√		√	√	√	√
No allowance for unexpected events	√	√	√	√	√	√	√	√	√
Lack of adequate funding and project continuity	√	√	√	√	√	√	√	√	√
Use of unproven software		√	√		√	√		√	√
Extensive modifications to complex system				√		√	√	√	√
Undetected risk issues	√	√	√	√	√	√	√	√	√

Appendix E: Comparison of Enterprise Technology Alternatives



The following table compares the pros and cons of the ERP, best-of-breed, and legacy-extension technology alternatives.

Exhibit E-1: Comparison of Enterprise Technology Alternatives

Best Practice ERP	Best-of-Breed	Legacy Extension
<p>Pros</p> <ul style="list-style-type: none"> • Provides for an integrated, scalable enterprise-wide systems solution. • Encompasses financial management, general ledger, payables and revenue accounting, human resources, supply chain management, procurement, budgeting, data management, financial consolidation, and reporting (standardized and ad hoc). • Provides a single point of entry for transaction data. • Builds in industry best practices. • Offers release upgrades to stay current with best practices. • Permits standardization of best practices within and across processes. • Provides enterprise-wide information on a timely basis. • Only type of software being implemented for core accounting general ledger, accounts payable, and accounts receivable. • Offers standardized data for the enterprise. • Employs a common technical infrastructure and database environment, thereby mitigating nonstandard data interfaces and system integration points. • Standardizes ongoing enterprise system maintenance and support efforts and costs (technical, training, user). • Offers employee mobility – no need to retrain employees moving from one agency or one functional area to another. • Provides more predictable and timely cost expenditures related to system maintenance and application upgrades. • Requires minimal ongoing end-user training and change management costs. 	<p>Pros</p> <ul style="list-style-type: none"> • Offers specialized solutions for processes such as budgeting, asset management, treasury management, and fleet/facilities management. • Builds in industry best practices. • Offers release upgrades to stay current with best practices. • Permits standardization of best practices within specific processes. • Lowers risk with incremental implementation. 	<p>Pros</p> <ul style="list-style-type: none"> • Requires lower upfront implementation costs. • Allows continuity of existing business processes and policies. • Requires minimal end-user training and change management efforts. • Promotes user familiarity with existing systems and processes. • Lowers implementation risk with minimal changes. Can support business practices unique to Washington State.

Best Practice ERP	Best-of-Breed	Legacy Extension
<p>Cons</p> <ul style="list-style-type: none"> • Requires significant upfront expenditures. • Requires significant change management efforts, since most agency-unique business practices must be converted to the enterprise business practices supported by the software. • Requires an enterprise governance approach, which could be difficult to achieve in a decentralized state. • High risk of failure without strong executive support for business culture change. • Cannot support business practices unique to Washington state without customization (which increases risk). • Necessitates upfront end-user training and system adoption procedures. • Dependent on software vendor, and the priorities of its entire user community, for improvements to functionality. • May be unable to implement legislation requiring new business practice unique to Washington State. • High risk of failure if implementation is under-resourced. • Requires continued future resource commitment to implement upgrades to keep the software current. • There are other risks around ERPs that should be researched; perhaps from City of Tacoma or other recent troubled ERP implementations. 	<p>Cons</p> <ul style="list-style-type: none"> • Higher cost of software maintenance over its life cycle. • Requires data and system integration with multiple applications and possibly with infrastructure platforms. • Somewhat less predictable and timely cost and expenditures related to application upgrades. • Dictates more complex systems interfaces and upgrade procedures. • Requires more sophisticated IT staff experience. • Requires more complex maintenance and support for multiple products and platforms. Cannot support business practices unique to Washington State without customization (which increases risk). 	<p>Cons</p> <ul style="list-style-type: none"> • Potential higher cost of software over its life cycle. • Discourages standardization of business processes and policies. • Best practices must be processed into the system. • Changes to best practices are difficult and expensive to implement. • Discourages data and reporting standardization. • Requires more manual system, data, and reporting maintenance. • Necessitates multiple cross-application, cross-platform, and cross-agency integration points. • Does not eliminate redundant systems and data. None of these options will do that unless some authority is directing agencies to use the system. • Presents disruption risks to ongoing business continuity via continual data, system, and integration support. • Provides a complex support structure, slowing down the ability to change in response to state mandates, business needs, etc. How are the other options faster? • Provides threat by loss of experienced staff resources.